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No. 647

No. 15306

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United States
Court of Appeals
for the Ninth Circuit

LAS PALMAS FOOD COMPANY, INC., a Corporation; PABLO BACA GAVALDON and RALPH WORTHINGTON,

Appellants,

vs.

RAMIREZ & FERAUD CHILI CO., a Co-Partnership Composed of Frank Feraud and E. C. Feraud,

Appellee.

Transcript of Record

Appeal from the United States District Court for the Southern District of California, Central Division.

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[Clerk's Note: When deemed likely to be of an important nature, errors or doubtful matters appearing in the original certified record are printed literally in italic; and, likewise, cancelled matter appearing in the original certified record is printed and cancelled herein accordingly. When possible, an omission from the text is indicated by printing in italic the two words between which the omission seems to occur.]

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NAMES AND ADDRESSES OF ATTORNEYS

For Appellant:

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Subway Terminal Building,
Los Angeles 13, California.

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HARRIS, KIECH, FOSTER & HARRIS,
FORD HARRIS, JR.,
WARREN L. KERN,
417 South Hill Street,
Los Angeles 13, California.

In the United States District Court, Southern District of California, Central Division

Civil Action No. 19355-WM

RAMIREZ & FERAUD CHILI CO., a Co-Partnership, Composed of FRANK FERAUD and E. C. FERAUD,

Plaintiff,

vs.

LAS PALMAS FOOD COMPANY OF CALIFORNIA, INC., a Corporation; PABLO BACA GAVALDON; RALPH WORTHINGTON; JOHN DOE I and JOHN DOE II,

Defendants.

COMPLAINT FOR TRADE-MARK INFRINGEMENT AND UNFAIR COMPETITION

Plaintiff, complaining of defendants, alleges as follows:

I.

Plaintiff, Ramirez & Feraud Chili Co., is a copartnership having a principal place of business in the City of Ventura, County of Ventura and State of California, and composed of Frank Feraud and E. C. Feraud, copartners, each a citizen of the United States, residing at the City of Ventura, County of Ventura and State of California. [2*]

II.

Defendant, Las Palmas Food Company of California, Inc., is a California corporation having a

*Page numbering appearing at foot of page of original Certified Transcript of Record.

place of business in the County of Los Angeles, State of California, and within this judicial district.

III.

Pablo Baca Gavaldon, also known as Pablo Baca, is an individual residing at Monterey Park, in the County of Los Angeles, State of California, and within this judicial district.

IV.

Ralph Worthington is an individual residing at Temple City, in the County of Los Angeles, State of California, and within this judicial district.

V.

John Doe I and John Doe II are individuals whose names, identities and residences are not presently known to plaintiff, but, upon leave of Court, same will be added hereto by amendment when ascertained.

VI.

This is an action arising under the Trade-Mark and Unfair Competition Laws of the United States, and particularly the Trade-Mark Act of 1946, Public Law 489, 79th Congress, Chapter 540, approved July 5, 1946, Chapter 22 of Title 15 of the United States Code, and this Court has jurisdiction thereof under said Act as well as under Chapter 85 of Title 28 of the United States Code, Section 1338(b). [3]

First Claim for Relief

VII.

In or about February, 1922, plaintiff adopted and used the trade-mark, "Las Palmas" for various canned Spanish foods and condiments, and has continuously employed said mark in connection with the sale and distribution of its said goods in interstate commerce in the United States from that date to the present time and in commerce between the United States and the Republic of Mexico from at least as early as August, 1948, to the present date. Included among the items to which plaintiff applies said mark are chili peppers, chili sauce, and canned beans with chili sauce.

Annexed hereto and marked Exhibit A is plaintiff's "Las Palmas" red chili sauce label presently in use in the United States and in the Republic of Mexico.

VIII.

On or about July 9, 1940, the trade-mark, "Las Palmas" in design was duly registered by plaintiff in the United States Patent Office under the Trade-Mark Act of 1905, for Canned Spanish Red Chili Sauce and Canned Beans with Chili Sauce, being registration No. 379,295. On or about May 10, 1949, said trade-mark was duly republished by plaintiff under the Trade-Mark Act of 1946, pursuant to Section 12(c) of said act (15 U.S.C. 1062[c]). On or about August 13, 1954, a combined affidavit pursuant to Sections 8 and 15 of the Trade-Mark Act

of 1946 (15 U.S.C. 1058 and 1065) was accepted and received, respectively, in the United States Patent Office, whereby said registration is now incontestable, and the certificate thereof constitutes conclusive evidence of plaintiff's exclusive right to use said mark in commerce on its said goods. [4]

A soft copy of said registration is annexed hereto and marked Exhibit B.

IX.

On or about November 3, 1953, the trade-mark, "Las Palmas" was duly registered by plaintiff in the United States Patent Office under the Trade-Mark Act of 1946 for Canned Roasted and Peeled Green Chili Peppers; Canned Red Chili Sauce; Canned Green Chili Sauce; Canned Beans with Chili Sauce; and Canned Lima Beans with Chili Sauce, being registration No. 582,054.

A soft copy of said registration is annexed hereto and marked Exhibit C.

X.

Defendants have been, for some time past and still are, infringing said registered trade-marks of plaintiff, and each of them, by using, without the consent of plaintiff, a counterfeit, copy, or colorable imitation of plaintiff's said registered trade-marks in connection with the sale, offering for sale, and advertising of red chili sauce within the Republic of Mexico, such use by defendants interfering with and adversely affecting plaintiff's interstate and foreign commerce in such goods, and, in particular, defendants have applied and are applying the mark "Las

Palmas" and design to labels used on red chili sauce which they are selling, or causing to be sold, in Tijuana and other border cities in the Republic of Mexico, thereby causing confusion or mistake and deceiving buyers as to the source or origin of the said goods.

Annexed hereto and marked Exhibit D is defendants' "Las Palmas" red chili sauce label presently employed by defendants in the Republic of [5] Mexico.

Second Claim for Relief

XI.

Plaintiff reasserts and reaffirms each and every of the allegations set forth in Paragraphs I through VII hereof.

XII.

Plaintiff has, in the course of over thirty years last past, expended great effort and large sums in advertising and promoting the sale of its Spanish foods and condiment under the trade-mark "Las Palmas" and has sold large quantities of its said goods, including its red chili sauce, prominently displaying said mark on the labels affixed to the containers therefor (as shown in Exhibit A annexed hereto) throughout the United States and in the border towns of Mexico, such as Nogales, Tijuana and Ensenada. As a result of such labor, advertising and promotion over a long period of time, and the excellent quality of its products sold under said mark, plaintiff has developed a valuable good will associated with its mark and label and a recognition

thereof by purchasers in Mexico, as well as in the United States.

XIII.

In or about June of 1953, the defendants, Baca, Worthington, John Doe I and John Doe II formed the plan, scheme, and conspiracy to appropriate for themselves, and to the injury of plaintiff, the plaintiff's trade-mark "Las Palmas" and the good will associated therewith in the Republic of Mexico and to compete unfairly with plaintiff thereat, and, in concert with each other and the defendant, Las Palmas Food Company of California, Inc., said defendants did engage in the acts hereinafter alleged in furtherance thereof, all with full knowledge of the prior use [6] by plaintiff of its said trade-mark "Las Palmas" for red chili sauce in the United States and the Republic of Mexico.

XIV.

In or about June of 1953, defendant Worthington did cause to be incorporated in the State of California the Las Palmas Food Company of California, Inc., to engage in the manufacture and sale of food products, the name of said corporation having been chosen with the intent to compete unfairly with plaintiff, and specifically to trade on the plaintiff's good will in the trade-mark "Las Palmas" and to confuse and deceive the public and trade.

XV.

In or about October of 1953, said defendants commenced to pack red chili sauce under the "Las

Palmas" trade-mark and sell the same in the Republic of Mexico, and they are continuing to sell the same, particularly in border towns, such as Tijuana, where plaintiff's "Las Palmas" red chili sauce was and is popular; and, in order to further deceive purchasers and the trade and to secure to themselves the plaintiff's good will established in this brand, said defendants copied and counterfeited plaintiff's entire "Las Palmas" label, employing not only the identical trade-mark, but also the exact colors of plaintiff's label and the same format, style of printing, and a similar layout and design, all as shown by a comparison of Exhibits A and D annexed hereto.

XVI.

In or about October of 1953, said defendants, for the further purpose of harassing plaintiff and appropriating to themselves the good will in the "Las Palmas" trade-mark in Mexico, caused to be filed an application to register said trade-mark in Mexico for chili sauces and canned spices in the name of [7] Fernando De La Pena of Tijuana, Baja California, Mexico, which registration issued under No. 76,068 on October 28, 1953, said registration being thereafter assigned to defendant Pablo Baca Gavaldon.

XVII.

On or about August 30, 1955, defendant Las Palmas Food Company of California, Inc., addressed a communication to plaintiff and each of its brokers and wholesalers in the United States and Mexico selling plaintiff's "Las Palmas" red chili

sauce in Mexico, advising them that said defendant was the owner of the "Las Palmas" brand registered in Mexico, and asserting an "enfringement" thereof by virtue of any exportation of plaintiff's products bearing this trade-mark.

A copy of said communication is annexed hereto and marked Exhibit E.

XVIII.

The communication Exhibit E was designed and intended by defendants to harass the plaintiff and coerce its wholesalers and brokers, under threat of suit, from shipping into Mexico for sale thereat, plaintiff's "Las Palmas" food products, which had theretofore been continuously sold in Mexico since long prior to 1953, to the knowledge of said defendants; and said communication was and is not only untrue in its factual statements, but was not sent out for the purpose of notifying the recipients of any legitimate legal rights of defendants, but to wrongfully induce the plaintiff's wholesalers and brokers to abandon their lawful sales in Mexico under said brand, all in furtherance of defendants' plan, scheme, and conspiracy to appropriate to themselves plaintiff's valuable market and good will in the Republic of Mexico. [8]

XIX.

As a result of defendants' unlawful acts of trademark infringement and unfair competition aforesaid, members of the purchasing public and the trade in the Republic of Mexico have been and are

being deceived into buying defendants' product sold under the label Exhibit D as and for the product of plaintiff; plaintiff's wholesalers and brokers, or certain of them, who customarily purchase plaintiff's goods for sale in Mexico, have discontinued selling and shipping plaintiff's "Las Palmas" products into Mexico in view of the defendants' litigation threats, as aforesaid; and members of the public, retailers and wholesalers in the United States and Mexico have been and are confused by the corporate name of defendant Las Palmas Food Company of California, Inc., whereby plaintiff's sales of its "Las Palmas" products have declined and diminished, particularly its sales to wholesalers customarily shipping into Mexico, and plaintiff's valuable good will in its said trade-mark has been and is being appropriated by defendants.

XX.

As a result of defendants' said unlawful acts, plaintiff has suffered, and will suffer in the future if such acts continue, great and irreparable injury and damage, the extent of which cannot presently be ascertained, and plaintiff has no speedy and adequate remedy at law.

Wherefore, plaintiff prays as follows:

(1) For a temporary and permanent injunction enjoining the defendants, and each of them, their agents, servants, employees and attorneys and those in active concert or participation with them, who receive actual notice of such injunction, all such par-

ties being under the jurisdiction of this [9] honorable Court, from infringing plaintiff's trade-mark "Las Palmas" and/or competing unfairly with plaintiff in the United States and/or in the Republic of Mexico, and specifically:

(a) From using or employing the trade-mark "Las Palmas," or any colorable imitation thereof, in the United States and/or in the Republic of Mexico in connection with the sale, distribution, promotion, advertising for sale, or display of red chili sauce and/or any other Spanish-type foods or condiments.

(b) From aiding or participating, either directly or indirectly, in the sale distribution, promotion, advertising for sale, or display in the Republic of Mexico of red chili sauce and/or any other Spanish-type foods or condiments labeled in accordance with the label, Exhibit D, annexed to the complaint herein, or with any other label confusingly similar to plaintiff's label, Exhibit A.

(2) For a temporary and permanent injunction against the defendant, Las Palmas Food Company of California, Inc., enjoining said corporation from using or employing the words "Las Palmas" in its corporate name or otherwise as a trade name under which it engages in any business.

(3) For an order requiring defendant Las Palmas Food Company of California, Inc., to advise in writing each of the parties to whom it forwarded

the letter, Exhibit E, annexed to the complaint herein, of its retraction thereof, the contents of said retraction letters to be approved by this honorable Court.

(4) For an accounting of the damages sustained by plaintiff and the defendants' profits, in accordance with [10] Section 35 of the Trade-Mark Act of 1946 (15 U.S.C. 1117).

(5) For a judgment against defendants in the amount of three times plaintiff's damage, in accordance with Section 35 of the Trade-Mark Act of 1946 (15 U.S.C. 1117).

(6) For plaintiff's costs in this action.

(7) For such other and further relief as to the Court may seem just and proper in the premises.

Dated at Los Angeles, California, this 19th day of January, 1956.

HARRIS, KIECH, FOSTER & HARRIS,
FORD HARRIS, JR.,
WARREN L. KERN,

By /s/ WARREN L. KERN,
Attorneys for Plaintiff.

[Endorsed]: Filed January 19, 1956.

Amended May 25, 1956. [11]

[Title of District Court and Cause.]

NOTICE OF AND MOTION FOR PRELIMINARY INJUNCTION

To: Las Palmas Food Company of California, Inc., Pablo Baca Gavaldon, and Ralph Worthington, Defendants; and C. Loy Mason, Esq.

Now comes the plaintiff, Ramirez & Feraud Chili Co., a co-partnership composed of Frank Feraud and E. C. Feraud, and gives notice that on Monday, February 20, 1956, at the hour of 10:00 o'clock a.m., or as soon thereafter as counsel can be heard, in the courtroom of this honorable Court, in the United States Post Office & Court House Building, Los Angeles, California, it will move the Court for an order granting a preliminary injunction pending the trial of this action, or until further order of [17] the Court, restraining the defendants Las Palmas Food Company of California, Inc., Pablo Baca Gavaldon, also known as Pablo Baca, and Ralph Worthington, and each of them, their officers, agents, servants, employees and attorneys and those acting in concert or participation with them, or any of them, who receive actual notice of such injunction, from infringing plaintiff's trade-mark "Las Palmas" and/or competing unfairly with plaintiff, and specifically:

(a) From using or employing the trade-mark "Las Palmas," or any colorable imitation thereof, in the United States and/or the Republic of Mexico in connection with the sale, distribution, promotion,

advertising for sale, or display of red chili sauce and/or any other Spanish-type foods or condiments;

(b) From aiding or participating, either directly or indirectly, in the preparation, packing, sale, distribution, promotion, advertising for sale, or display in the Republic of Mexico of red chili sauce and/or any other Spanish-type foods or condiments labeled in accordance with the label, Exhibit D, annexed to the complaint, a copy of said label being annexed to said preliminary injunction, or labeled in accordance with any other label confusingly similar to plaintiff's label, Exhibit A, annexed to the complaint, a copy of said label being annexed to said preliminary injunction.

(c) From representing, either orally or in writing, to any others not party to this suit, that the exportation to the Republic of Mexico or sale therein of "Las Palmas" brand products of plaintiff constitutes an infringement or other violation of the rights of defendants or any of them.

In support of this motion, plaintiff will rely upon the appended memorandum of points and authorities, the affidavits [18] of Ernest C. Feraud, Jo. Weilbacher, Allan S. Klauber, Richard Strauss and Walton Eugene Tinsley and possibly others, and upon the pleadings of file herein.

Dated at Los Angeles, California, this 10th day of February, 1956.

HARRIS, KIECH, FOSTER & HARRIS,

FORD HARRIS, JR.,
WARREN L. KERN,
WALTON EUGENE TINSLEY,

By /s/ WARREN L. KERN,
Attorneys for Plaintiff.

[Endorsed]: Filed February 13, 1956. [19]

[Title of District Court and Cause.]

DEFENDANT'S WRITTEN STATEMENT OF REASONS IN OPPOSITION TO PLAINTIFF'S MOTION FOR PRELIMINARY INJUNCTION

Defendants Las Palmas Food Company, Inc., a corporation, Ralph Worthington and Pablo Baca Gavaldon will oppose plaintiff's Motion for Preliminary Injunction on each and all of the reasons hereinafter listed. The defendant will, however, move the court for a continuance of the hearing on said plaintiff's motion on the grounds that defendants have had inadequate time to prepare the opposition thereto, and particularly on the grounds that defendants have had insufficient time within which to obtain affidavits from Mexico with reference to the allegations in plaintiff's complaint and plaintiff's supporting papers, as shown by the affidavit of C. Loy Mason heretofore filed on or about Feb-

ruary 16th, 1956. Defendants here list their reasons in opposition pursuant to local Rule 3.

1. This court does not have jurisdiction of the subject matter of the action [51] or of either "Claim for Relief" therein or of the acts of defendants as to which a preliminary injunction is sought by plaintiff's motion, inasmuch as the alleged acts of infringement and unfair competition of defendants have been committed in Mexico, and not within the United States, and have been committed pursuant to a valid registration of trade-mark by defendants in Mexico.

2. Neither plaintiff's complaint, nor plaintiff's motion and its supporting papers, nor both of them, state a claim upon which relief can be granted.

Said opposition will be based on the following:

(1) This Statement of Reasons;

(2) Defendants' Memorandum of Points and Authorities;

(3) Affidavit of Ralph Worthington;

(4) Photostatic copy of trademark registration No. 76068, Republic of Mexico, re "Las Palmas," marked Exhibit A1, free English translation thereof A2;

(5) Photostatic copy of license from Department of Health, Republic of Mexico, dated August 3, 1955, marked Exhibit B1, free English translation thereof, B2;

(6) Such additional affidavits as defendants may obtain, primarily from the Republic of Mexico, prior to the hearing of plaintiff's motion;

(7) All the files and records in this case, especially "Defendants' Memorandum in Support of Motion to Dismiss" heretofore filed and served on or about February 10, 1956.

Items (2), (3), (4) and (5) above are served and filed concurrently herewith. Item (4) (trade-mark registration No. 76068) is attached hereto and marked Exhibit A1, free English translation A2; Item (5) (license) is attached hereto and marked Exhibit B1, free English translation B2.

Defendants have already arranged to obtain from Mexico the affidavit of Lic. Juan del Avellan Ochoa, a recognized attorney and authority on Mexican trade-mark law, so that the statutes of Mexico and their proper interpretation will properly be before the Court upon the hearing of plaintiff's motion.

Defendants are also attempting to obtain under Item 6 the affidavit of Pablo Baca Gavaldon who is presently in Mexico. Said defendant was served by the [52] Marshal leaving at said defendant's Los Angeles residence a copy of the complaint and summons with a person of discretion, which summons and complaint were not delivered personally to said defendant. Defendant's attorney has been able to establish contact only by phone within the last three days with defendant.

Defendants request a continuance so that such affidavits from Mexico may be before the Court.

Dated this 17th day of February, 1956.

Respectfully submitted,

MASON & HOWARD,

By /s/ C. LOY MASON,

Attorneys for Defendants Las Palmas Food Company, Inc., a Corporation, Ralph Worthington and Pablo Baca Gavaldon.

[Endorsed]: Filed February 17, 1956. [53]

[Title of District Court and Cause.]

NOTICE OF MOTION TO DISMISS

To: Plaintiffs, and to Their Attorneys, Harris, Kiech, Foster & Harris:

You, and Each of You, Will Please Take Notice that on Monday, February 27, 1956, at the hour of 9:30 a.m., or as soon thereafter as counsel can be heard, in the above-entitled Court, courtroom of the Hon. William Mathes, Federal Building, Los Angeles, California, defendants Las Palmas Food Company of California, Inc., and Ralph Worthington, for themselves alone, will move the Court, pursuant to Federal Rule of Civil Procedure 12(b) for an order dismissing the action herein, and each "Claim for Relief" therein, on the grounds that (a) this court does not have jurisdiction of the subject matter of the action or of either "Claim

for Relief," inasmuch as the alleged acts of infringement and unfair competition of defendants have been committed in Mexico, and not within the United States, and have been committed [64] pursuant to a registration of trade-mark by defendants in Mexico, all as appears in the complaint herein and as elaborated in defendants' Memorandum in Support of Motion to Dismiss, and on the further grounds, (b) that the complaint and each "Claim for Relief" therein, fails to state a claim upon which relief can be granted.

Said motion will be based on the Complaint, this Notice of Motion, and on Defendants' Memorandum in Support of Motion to Dismiss, which is served and filed concurrently herewith.

Dated this 10th day of February, 1956.

MASON & HOWARD,

By /s/ C. LOY MASON,

Attorneys for Defendants Las Palmas Food Company of California, Inc., and Ralph Worthington.

Receipt of copy acknowledged.

[Endorsed]: Filed February 10, 1956. [65]

[Title of District Court and Cause.]

AFFIDAVIT OF JUAN del AVELLANO OCHOA

Republic of Mexico,
Mexico, D. F.—ss.

Juan del Avellano Ochoa, being first duly sworn, deposes and says:

That he is an attorney at law, licensed to practice as such in all of the Courts of the Republic of Mexico, having been admitted to practice on the 16th day of March, 1937, and has actively engaged in the practice of law since such date; counsel for trade-marks, patents and taxation; that affiant is familiar with and able to interpret the trade-mark law of the Republic of Mexico and advises many owners of trade-marks regarding the legal significance of trade-marks and the rights of the holders of registered trade-marks; that affiant has represented many litigants as an attorney in trade-mark litigation before the [67] Courts of the Republic of Mexico.

That affiant has examined the trade-mark "Las Palmas" #76068 issued to Fernando de la Pena on the 10th day of February, 1954, and assigned to Pablo Baca Gavaldon and registered in the Office of the Secretaria De Economia Direccion General De La Propiedad Industrial on November 30, 1954; photostatic copies of registered trade-mark are filed herewith; that said trade-mark was legally issued under the laws of the Republic of Mexico and legally assigned to Pablo Baca Gavaldon; that under the laws of the Republic of Mexico, Pablo Baca

Gavaldon is now the exclusive owner of said trade-mark and has the exclusive right to sell in the Republic of Mexico products consisting of chili sauce and spice under the name Las Palmas; that since the granting of said trade-mark it has been against the laws of the Republic of Mexico for any person other than the owner thereof to import into Mexico or to offer for sale at either wholesale or retail in Mexico any chili sauce or spices carrying the trade-mark, name or label "Las Palmas," all as is shown by Ley de la Propiedad Industrial de 31 de diciembre de 1942, publicada en al Diario Oficial de 31 de diciembre de 1942, y Reglamento de la Ley de la Propiedad Industrial de la mima fech.

That since November 30, 1954, Pablo Baca Gavaldon has had and now has the exclusive right to manufacture and offer for sale in the Republic of Mexico chili sauce and spices bearing the label and/or trade-mark "Las Palmas" if said products meet the requirements of the Secretaria De Salubridad y Asistencia of the Republic of Mexico (liberally translated to English—The Department of Health).

Unlike the trade-mark laws of the United States of America, as I understand them, the use of a trade-mark not registered under the laws of the Republic of Mexico neither confersnor creates rights in the favor of the user; rights in trade-marks in the Republic of Mexico are established only by registration and subsequent use under the laws of the Republic of Mexico.

/s/ J. del AVELLANO.

Subscribed and sworn to before me this 20th day of February, 1956.

[Seal] /s/ VIRGIL E. PRICHARD,
Vice Counsul of the United States of America.

Affidavit of Service by Mail attached.

[Endorsed]: Filed March 1, 1956. [68]

United States District Court for the Southern District of California, Central Division

No. 19355-WM Civil

RAMIEREZ & FERAUD CHILI CO., a Co-partnership Composed of FRANK FERAUD and E. C. FERAUD,

Plaintiff,

vs.

LAS PALMAS FOOD COMPANY OF CALIFORNIA, INC., a Corporation, PABLO BACA GAVALDON, RALPH WORTHINGTON, JOHN DOE I, and JOHN DOE II,

Defendants.

JUDGMENT OF DISMISSAL FOR LACK OF JURISDICTION OVER SUBJECT MATTER

The defendants' motion to dismiss the action for lack of jurisdiction over the subject matter and for failure to state a claim upon which relief can be granted having been heard on March 20, 1956, and the matter having been submitted to the Court and

an order thereafter having been entered on May 4, 1956, granting said motion for lack of jurisdiction over the subject matter and directing the entry of this judgment, now, therefore, it is ordered, adjudged and decreed as follows:

1. That the above-entitled action be and it hereby is dismissed for want of jurisdiction over the subject matter;

2. That said dismissal is not and shall not operate as an adjudication upon the merits of the claim or claims, if any, alleged in the complaint herein; [70]

3. That each party shall bear his or its own costs;

4. That plaintiff may have twenty days from the date of this order within which to serve and file an amended complaint, if so advised.

/s/ WM. C. MATHES,
United States District Judge.

Approved as to Form:

HARRIS, KIECH, FOSTER & HARRIS,
FORD HARRIS, JR.,
WARREN L. KERN,
WALTON EUGENE TINSLEY,
By /s/ WARREN L. KERN,
Attorneys for Plaintiff.

Receipt of Copy acknowledged.
[Endorsed]: Filed May 11, 1956.
Docketed and entered May 14, 1956. [71]

[Title of District Court and Cause.]

AMENDED COMPLAINT FOR TRADE-MARK INFRINGEMENT AND UNFAIR COMPETITION

Plaintiff, complaining of defendants, alleges as follows:

I.

Plaintiff, Ramirez & Feraud Chili Co., is a co-partnership having a principal place of business in the City of Ventura, County of Ventura, and State of California, and composed of Frank Feraud and E. C. Feraud, co-partners, each a citizen of the United States, residing at the City of Ventura, County of Ventura, and State of California. [73]

II.

Defendant Las Palmas Food Company, Inc., is a California corporation having a place of business in the County of Los Angeles, State of California, and within this judicial district. Said corporation is engaged in the business of importing, packing, and distributing food products in the United States and in the Republic of Mexico.

III.

Pablo Baca Gavaldón, also know as Pablo Baca, is an alien residing at Monterey Park, in the County of Los Angeles, State of California, and within this judicial district. Said defendant has been engaged in the food business in the United States for approximately thirty (30) years last past.

IV.

Ralph Worthington is an individal residing at Temple City, in the County of Los Angeles, State of California, within this judicial district, and is the President of defendant Las Palmas Food Company, Inc.

V.

John Doe I and John Doe II are individuals whose names, identities, and residences are not presently known to plaintiff, but, upon leave of Court, same will be added hereto by amendment when ascertained.

VI.

This is an action arising under the Trade-Mark and Unfair Competition Laws of the United States, and particularly the Trade-Mark Act of 1946, Public Law 489, 79th Congress, Chapter 540, approved July 5, 1946, Chapter 22 of Title 15 of [74] the United States Code, and this Court has jurisdiction thereof under said Act as well as under Chapter 85 of Title 28 of the United States Code, Section 1338(b).

VII.

In or about February, 1922, plaintiff adopted and used the trade-mark "Las Palmas" for various canned Spanish foods and condiments, and has continuously employed said mark on labels annexed to the containers for its said goods sold and shipped in local and interstate commerce in the United States, from that date to the present time.

Included among the items to which plaintiff applies said mark are chili peppers, chili sauce, and canned beans with chili sauce.

VIII.

From at least as early as August, 1948, and continuously to the present date, plaintiff has employed its said trade-mark "Las Palmas" in commerce between the United States and the Republic of Mexico, and its said trade-marked products have been continuously sold within the Republic of Mexico from at least as early as the year 1948 to the present date.

Annexed hereto and marked Exhibit A is plaintiff's "Las Palmas" red chili sauce label presently in use in the United States and in the Republic of Mexico on its ten (10) ounce cans.

IX.

On or about July 9, 1940, the trade-mark "Las Palmas" in design was duly registered by plaintiff in the United States Patent Office under the Trade-Mark Act of 1905, for Canned Spanish Red Chili Sauce and Canned Beans with Chili Sauce, being registration No. 379,295. On or about May 10, 1949, said [75] trade-mark was duly republished by plaintiff under the Trade-Mark Act of 1946, pursuant to Section 12(c) of said Act (15 U.S.C. 1062[c]). On or about August 13, 1954, a combined affidavit pursuant to Sections 8 and 15 of the Trade-Mark Act of 1946 (15 U.S.C. 1058 and 1065) was accepted and received, respectively, in the United States Patent

Office, whereby said registration is now incontestable, and the certificate thereof constitutes conclusive evidence of plaintiff's exclusive right to use said mark in commerce on its said goods.

A copy of said registration is annexed hereto and marked Exhibit B.

X.

On or about November 3, 1953, the trade-mark "Las Palmas" was duly registered by plaintiff in the United States Patent Office under the Trade-Mark Act of 1946 for Canned Roasted and Peeled Green Chili Peppers; Canned Red Chili Sauce; Canned Green Chili Sauce; Canned Beans with Chili Sauce; and Canned Lima Beans with Chili Sauce, being registration No. 582,054.

A copy of said registration is annexed hereto and marked Exhibit C.

XI.

Plaintiff has, in the course of over thirty (30) years last past, expended great effort and large sums in advertising and promoting the sale of its Spanish foods and condiments under the trade-mark "Las Palmas," both in the United States and in the Republic of Mexico, and has sold large quantities of its said goods, including its red chili sauce, prominently displaying said "Las Palmas" mark on the labels affixed to the containers therefor (as shown in Exhibit A annexed hereto) throughout the United States and in the border towns of Mexico, such as Mexicali, [76] Tijuana, and Ensenada. As a result of such labor, advertising, and promotion

over a long period of time, and the excellent quality of its products sold under said mark, plaintiff has developed a valuable good will associated with its mark and label and a recognition thereof by purchasers both in Mexico and in the United States.

XII.

In or about March, 1953, plaintiff brought an action in the United States District Court, Southern District of California, Central Division, for infringement of plaintiff's trade-mark "Las Palmas," against one Earl E. Somerville, an individual doing business as Villmer Packing Co., said action being No. 15268-HW Civil. Said action, after depositions of the defendant, was terminated in a consent decree on January 29, 1954, in favor of this plaintiff, said decree holding plaintiff's "Las Palmas" trade-mark registration valid and infringed by the defendant Somerville and perpetually restraining said defendant Somerville, individually, and doing business as Villmer Packing Co., as well as "his officers, agents, servants, employees, and attorneys, and those persons in active concert or participation with him, who receive actual notice of said injunction by personal service or otherwise, from infringing plaintiff's trade-mark 'Las Palmas,' by, directly or indirectly, selling, causing to be sold, advertising for sale, or promoting the sale of any Spanish foods, condiments, spices, or goods of similar descriptive properties thereto, under the notation, trade-mark, or trade name '6 Palmas,' 'Seis Palmas,' 'Las Palmas,' or any other notation, trade-mark, or

trade name which includes the word 'Palm,' 'Palms,' 'Palma,' or 'Palmas' as a prominent portion of such notation, trade-mark, or trade name." [77]

XIII.

Said Somerville, the defendant enjoined in the aforementioned action, was represented therein by C. Loy Mason, an attorney at law admitted to practice in the State of California and before this Honorable Court, said attorney presently representing the named defendants herein.

XIV.

Said Somerville, the defendant enjoined in the aforementioned prior action, was, during the pendency of said suit, a personal acquaintance of, and had theretofore engaged in business dealings with, both defendants Worthington and Baca herein, and defendant Baca had knowledge of such suit during the pendency thereof; and, upon information and belief, as a result of such association and as a result of his contacts with attorney C. Loy Mason, who represented Somerville in said suit, defendant Worthington learned and well knew of plaintiff's use of its "Las Palmas" trade-mark and the pendency and result of the said action which had been brought against said Somerville.

XV.

In or about June of 1953, and during the pendency of the aforementioned action by plantiff against said Somerville, the defendants Worthington, John Doe I, and John Doe II formed the plan, scheme,

and conspiracy to injure the business of plaintiff herein and to appropriate for themselves the plaintiff's trade-mark "Las Palmas" and the good will associated therewith in the United States and the Republic of Mexico, and, in concert with each other, and subsequently in concert with defendant Baca and defendant Las Palmas Food Company, Inc., said defendants did engage in the acts hereinafter alleged in furtherance thereof, all with full knowledge of the prior use by plaintiff of its said trade-mark "Las Palmas" for red chili sauce in the [78] United States and the Republic of Mexico.

XVI.

In or about June of 1953, and during the pendency of the aforementioned action by plaintiff against said Somerville and with knowledge thereof, defendant Worthington did cause to be incorporated, through said Somerville's attorney, C. Loy Mason, the defendant Las Palmas Food Company, Inc., to engage in the manufacture and sale of food products. Upon information and belief, the name of said corporation was chosen with malice to revenge the suit by this plaintiff against Somerville, and, further, it was so chosen with the deliberate intent to compete unfairly with plaintiff in the United States and in the Republic of Mexico, and specifically to trade on the plaintiff's good will in the trade-mark "Las Palmas" and to confuse and deceive the public and trade.

XVII.

Either shortly before on shortly after said incorporation of Las Palmas Food Company, Inc., as

aforesaid, defendant Baca associated himself with defendant Worthington and subsequently with defendant Las Palmas Food Company, Inc., in a joint venture, and the conspiracy, plan, or scheme aforementioned and all acts of defendants hereinafter alleged were, upon information and belief, perpetrated and carried out by all named defendants herein in pursuance of said plan, scheme, and conspiracy.

XVIII.

Thereafter and in or about the latter part of 1953, defendants commenced the importation from Mexico and sale in commerce in the United States of Spanish type foods and condiments, and particularly chilis under labels bearing the trade [79] name Las Palmas Food Co., Inc.; subsequently defendants commenced packing in the United States and selling in commerce in this country Spanish type foods bearing said trade name on the labels thereof, which trade name incorporated plaintiff's registered trade-mark therein and was adopted and used for the purpose of carrying forward the plan, scheme, and conspiracy above mentioned, and for the additional purpose of causing the trade and buyers to believe that the products of said defendants were associated in some manner with plaintiff or emanated from the same source. Despite knowledge by defendants and their attorney of the subsequent issuance of the injunction of this Honorable Court against Somerville as set out aforesaid, restraining the use of any trade name containing

"Las Palmas" as a prominent portion thereof for any Spanish foods or condiments, said defendants continued after January 29, 1954, and still continue the use of the trade name Las Palmas Food Company, Inc., in commerce in the United States in connection with products similar or closely related to plaintiff's "Las Palmas" products.

XIX.

In or about October of 1953, said defendants, for the purpose of harassing plaintiff and appropriating to themselves plaintiff's good will in the "Las Palmas" trade-mark in Mexico, caused to be filed an application to register said trade-mark in Mexico for chili sauces and canned spices in the name of Fernando De La Pena of Tijuana, Baja California, Mexico, which registration issued under No. 76,068 on October 28, 1953, said registration being thereafter assigned to defendant Pablo Baca [80] Gavaldon.

XX.

In or about March of 1955, said defendants, using plaintiff's labels, Exhibit A, as a model, caused to be printed in the United States a "Las Palmas" label for chili sauce and, using said labels and other supplies obtained in the United States, commenced to pack red chili sauce in ten (10) ounce cans under the "Las Palmas" trade-mark and sell the same in the Republic of Mexico, and they are continuing to sell the same, particularly in border towns, such as Tijuana and Mexicali, where plaintiff's "Las Palmas" red chili sauce was and is popular; and,

in order to further deceive purchasers and the trade and to secure to themselves the plaintiff's good will established in this brand, said defendants deliberately copied and counterfeited plaintiff's entire "Las Palmas" label, employing not only the identical trade-mark, but also the exact colors of plaintiff's label and the same format, style of printing, and a similar layout and design, all as shown by a specimen of said label of defendants, Exhibit D annexed hereto.

XXI.

Persons of Mexican origin or descent, residing in border cities in the United States, such as Calexico and San Diego, purchase many of their groceries and food items, including plaintiff's "Las Palmas" products, in the corresponding Mexican border cities, such as Mexicali and Tijuana, and freely carry such groceries and food items back to the United States, where same are consumed; upon information and belief, such United States residents or citizens, or some of them, have been deceived in Mexico by defendants' spurious products back into the United States for consumption, and there is a substantial likelihood that such purchasers, buying defendants' spurious products in [81] Mexico, will be confused and misled into believing they are buying plaintiff's product; and plaintiff's good will in the United States is thereby placed in jeopardy of any inferiority or impurity in the defendants' spurious product.

XXII.

On or about August 30, 1955, defendant Las Palmas Food Company, Inc., addressed a communi-

cation to plaintiff and each of its brokers and wholesalers in the United States and Mexico selling plaintiff's "Las Palmas" red chili sauce in Mexico, advising them that said defendant was the owner of the "Las Palmas" brand registered in Mexico, and asserting an "enfringement" thereof by virtue of any exportation of plaintiff's products bearing this trade-mark.

A copy of said communication is annexed hereto and marked Exhibit E.

XXIII.

The communication, Exhibit E, was false in content and was sent out in bad faith and with malice by defendants Las Palmas Food Company, Inc., and Worthington, not for the purpose of a legitimate warning to potential infringers, but to harass the plaintiff and coerce its wholesalers and brokers and cause injury to the fine reputation and good will plaintiff enjoyed among such brokers and wholesalers; said communication was sent out with knowledge by defendants of the prior use in Mexico by plaintiff of the "Las Palmas" mark and with knowledge of the consequent invalidity and unenforceability of the Mexican registration which it warned the recipients not to infringe; and said communication was false in that it named Las Palmas Food Companuy, Inc., as the owner of the mark then registered to and owned by the defendant, Baca, in Mexico, in [82] order to create an aura of authenticity to the claim therein.

XXIV.

Thereafter and during the latter part of 1955, plaintiff, on the advice of legal counsel in Mexico, sent representatives to Tijuana, Mexico, to discuss the Mexican sales situation with its wholesalers and distributors and to obtain from its wholesalers and distributors in that location affidavits setting forth the true facts relative to the period of use of the plaintiff's trade-mark "Las Palmas" in Mexico, but, prior to securing the written affidavits of certain of such parties, which plaintiff had been advised were essential to institution of proceedings in Mexico to cancel defendants' spurious registration, defendant Baca approached such parties, or certain of them, who had promised to forward the requisite affidavits, and interfered with the plaintiff's efforts to secure such testimony, by persuading or coercing such distributors not to furnish same, on the argument that such distributors or wholesalers should favor a product produced in Mexico for Mexicans and sold by a local concern; and, on information and belief, defendant Baca on like grounds persuaded a number of plaintiff's wholesalers and distributors in Mexico to thereafter handle defendants' spurious "Las Palmas" products in Mexico in lieu of those of the plaintiff.

XXV.

Defendants' actions in the United States and in the Republic of Mexico, as aforesaid, constitute an unlawful infringement of plaintiff's registered trade-mark "Las Palmas" both in the United States

and in the Republic of Mexico, and unfair competition with plaintiff within both of said countries. [83] As a result thereof, purchasers and members of the trade in the United States have been confused or misled into the belief that the products of defendants bearing the trade-mark "Las Palmas" or the trade name Las Palmas Food Co., Inc., are plaintiff's products, or that they are associated or connected in some manner with plaintiff and its "Las Palmas" products; plaintiff's good will in the United States and in the Republic of Mexico has been jeopardized or destroyed, while defendants' products, so marked, have been and are being sold on the strength of said good will and reputation which plaintiff has built up over the course of many years in its "Las Palmas" trade-mark; plaintiff's fine reputation and good will with its wholesalers and distributors in the United States and Mexico, which it must maintain among such wholesalers and distributors in order that they use their best selling efforts to push plaintiff's "Las Palmas" products in the United States and Mexico, have suffered as a result of their receipt of the false and invidious communication, Exhibit E, sent by defendant as aforesaid; in the Republic of Mexico members of the purchasing public and the trade have been deceived into buying defendants' product sold under the counterfeit "Las Palmas" label, Exhibit D, as and for the product of plaintiff; plaintiff's wholesalers and brokers, or certain of them, who customarily purchase plaintiff's goods for sale in Mexico, have ceased or diminished their

purchases from plaintiff and their shipments into Mexico of plaintiff's "Las Palmas" products; plaintiff's good will, its market and sales in Mexico have been unfairly and unlawfully appropriated by defendants; and both local and interstate commerce in plaintiff's said goods in the United States has been diminished, and its commerce in said goods between the United States and the Republic of Mexico, as well as that of certain of its wholesalers and distributors, has been [84] drastically reduced or wholly curtailed.

XXVI.

As a result of defendants' said unlawful acts, plaintiff has suffered, and will suffer in the future if such acts continue, great and irreparable injury and damage, the extent of which cannot presently be ascertained, and plaintiff has no speedy and adequate remedy at law; upon information and belief, plaintiff's legal remedy against these defendants in the Republic of Mexico is and will not be sufficiently speedy or adequate to preclude the irrevocable injury which will result to plaintiff, absent the intervention of this Court, although plaintiff has filed its petition to cancel defendants' spurious Mexican registration, the institution of these proceedings in Mexico was delayed and rendered more difficult by defendants' interference with plaintiff's efforts to obtain the necessary evidence, as hereinabove set forth; and, upon information and belief, it will consume several years' time from the present date before a final decision may be achieved in said cancellation proceedings in the Republic of Mexico.

Wherefore, plaintiff prays as follows:

(1) For a temporary and permanent injunction enjoining the defendants, and each of them, their agents, servants, employees and attorneys, and those in active concert or participation with them, who receive actual notice of such injunction, all such parties being under the jurisdiction of this honorable Court, from infringing plaintiff's trade-mark "Las Palmas" and/or competing unfairly with plaintiff in the United States and/or in the Republic of Mexico, and specifically: [85]

(a) From using or employing the trade-mark "Las Palmas," or any colorable imitation thereof, in the United States and/or in the Republic of Mexico on or in connection with the sale, distribution, promotion, advertising for sale, or display of red chili sauce and/or any other Spanish-type foods or condiments.

(b) From using or employing the trade name, Las Palmas Food Company, Inc., or any other trade name including "Las Palmas" as a part thereof, or any other trade name including as a part thereof a colorable imitation of plaintiff's trade-mark, in the United States and/or in the Republic of Mexico on or in connection with the sale, distribution, promotion, advertising for sale, or display of red chili sauce and/or any other Spanish-type foods or condiments.

(c) From aiding or participating, either directly or indirectly, in the sale, distribution, promotion,

advertising for sale, or display in the United States or in the Republic of Mexico of red chili sauce and/or any other Spanish-type foods or condiments labeled with the trade-mark "Las Palmas" or a trade name including "Las Palmas" as a part thereof, or with any other label confusingly similar to plaintiff's label, Exhibit A, annexed hereto.

(d) From impeding or interfering in any way with plaintiff's endeavors to gather evidence or testimony from plaintiff's wholesalers or distributors in Mexico and, specifically, from urging or inducing any of plaintiff's wholesalers or distributors in Mexico to refuse to supply affidavits [86] or testimony respecting plaintiff's use of the "Las Palmas" trade-mark in Mexico.

(2) For an order requiring defendant Las Palmas Food Company, Inc., to advise in writing each of the parties to whom it forwarded the letter, Exhibit E, annexed to this complaint, of its retraction thereof, the contents of said retraction letters to be approved by this Honorable Court.

(3) For an order requiring defendant Pablo Baca Gavaldon to assign and transfer all of his right, title, and interest in and to the Mexican registration of the trade-mark "Las Palmas," No. 76,068, issued February 10, 1954, to the plaintiff herein, said assignment to be in writing and in form acceptable for recordation in Mexico.

(4) For an order requiring the defendants to deliver up for destruction all labels, signs, prints,

packages, wrappers, receptacles, and advertisements in their possession, custody, or control, bearing the words "Las Palmas" thereon, whether as a trade-mark or included in a trade name thereon, in accordance with Section 36 of the Trade-Mark Act of 1946 (15 U.S.C. 1118).

(5) For an accounting of the damages sustained by plaintiff and the defendants' profits, in accordance with Section 35 of the Trade-Mark Act of 1946 (15 U.S.C. 1117).

(6) For a judgment against defendants in the amount of three times plaintiff's damage, in accordance with Section 35 of the Trade-Mark Act of 1946 (15 U.S.C. 1117). [87]

(7) For plaintiff's costs in this action.

(8) For such other and further relief as to the Court may seem just and proper in the premises.

Dated: At Los Angeles, California, this 24th day of May, 1956.

HARRIS, KIECH, FOSTER & HARRIS;
FORD HARRIS, JR.;
WARREN L. KERN,
WALTON EUGENE TINSLEY;

By /s/ WARREN L. KERN,
Attorneys for Plaintiff. [88]

State of California,
County of Ventura—ss.

E. C. Feraud, being by me first duly sworn, deposes and says:

That he is one of the co-partners of the plaintiff in the foregoing and above-entitled action; that he has read the foregoing Amended Complaint for Trade-Mark Infringement and Unfair Competition and knows the contents thereof; and that the same is true of his own knowledge, except as to the matters which are therein stated upon his information or belief, and as to those matters that he believes it to be true.

/s/ E. C. FERAUD.

Subscribed and sworn to before me this 24th day of May, 1956.

[Seal] /s/ JOHN PEIRANO,
Notary Public in and for the Above County and State.

Receipt of copy acknowledged.

[Endorsed]: Filed May 25, 1956. [89]

[Title of District Court and Cause.]

NOTICE OF AND MOTION FOR PRELIMINARY INJUNCTION

To Plaintiffs Las Palmas Food Company, Inc.; Pablo Baca Gavaldon and Ralph Worthington; and Mason & Howard and C. Roy Mason, Their Counsel:

Now comes the plaintiff, Ramirez & Feraud Chili Co., a co-partnership composed of Frank Feraud and E. C. Feraud, and gives notice that on Monday, June 4, 1956, at the hour of 10:00 o'clock a.m., or as soon thereafter as counsel can be heard, in the courtroom of this Honorable Court, in the United States Court House and Post Office Building, at Los Angeles, California, it will bring on for hearing its motion for an order granting a preliminary injunction, pending the trial of this action and [96] until further order of the Court, restraining the defendants, and each of them, their officers, agents, servants, employees, and attorneys, and those acting in concert or participation with them, or any of them, who receive actual notice of such injunction, from infringing plaintiff's trade-mark "Las Palmas" and/or competing unfairly with plaintiff in the United States and/or the Republic of Mexico, and specifically:

(a) From using or employing the trade-mark "Las Palmas," or any colorable imitation thereof, in the United States and/or in the Republic of Mexico on or in connection with the sale, distribu-

tion, promotion, advertising for sale, or display of red chili sauce and/or any other Spanish type foods or condiments.

(b) From aiding or participating, either directly or indirectly, in the sale, distribution, promotion, advertising for sale, or display in the United States or in the Republic of Mexico of red chili sauce and/or any other Spanish type foods or condiments labeled with the trade-mark "Las Palmas," or with any other label confusingly similar to plaintiff's label, Exhibit A, annexed to the amended complaint on file herein.

(c) From impeding or interfering in any way with plaintiff's endeavors to gather evidence or testimony from plaintiff's wholesalers or distributors in Mexico and, specifically, from urging or inducing any of plaintiff's wholesalers or distributors in Mexico to refuse to supply affidavits or testimony respecting plaintiff's use of the "Las Palmas" trade-mark in Mexico.

(d) From representing, either orally or in writing, to any others not party to this suit, that the exportation to the Republic of Mexico or sale therein of "Las Palmas" brand products of plaintiff constitutes an infringement or other violation of the rights of defendants, or any of them. [97]

In support of this motion plaintiff will rely upon the papers and pleadings on file herein, including the verified amended complaint, the memorandum of points and authorities dated February 10, 1956,

annexed to plaintiff's motion for preliminary injunction filed February 13, 1956; the affidavits of Ernest C. Feraud, dated February 2, 1956, and annexed exhibits; Mrs. Jo, Weilbacher, dated February 10, 1956; Allan S. Klauber, dated February 1, 1956, and annexed exhibit; Richard Strauss, dated February 9, 1956; Walton Eugene Tinsley, dated February 7, 1956, and annexed exhibits; Fred Yasukochi, dated February 10, 1956, and annexed exhibits; J. W. Kyte, dated February 17, 1956, and annexed exhibit; J. W. Kyte, dated March 15, 1956, and Richard Strauss, dated March 16, 1956, and possibly others, and a supplementary memorandum of points and authorities to be filed in support of this motion.

Dated: At Los Angeles, California, this 25th day of May, 1956.

HARRIS, KLECH, FOSTER & HARRIS;
FORD HARRIS, JR.;
WARREN L. KERN,
WALTON EUGENE TINSLEY;

By /s/ WARREN L. KERN,
Attorneys for Plaintiff.

[Endorsed]: Filed May 25, 1956. [98]

In the United States District Court, Southern District of California, Central Division

Civil Action No. 19,355—WM

RAMIREZ & FERAUD CHILI CO., a Co-Partnership Composed of FRANK FERAUD and E. C. FERAUD,

Plaintiff,

vs.

LAS PALMAS FOOD COMPANY, INC., a Corporation; PABLO BACA GAVALDON, RALPH WORTHINGTON, JOHN DOE I and JOHN DOE II,

Defendants.

TEMPORARY RESTRAINING ORDER

Whereas, the verified amended complaint in the above-entitled action was filed on May 25, 1956, praying for a temporary and preliminary injunction enjoining defendants from using the trademark "Las Palmas" in the Republic of Mexico for Spanish foods or condiments; and

Whereas, a motion has been filed by plaintiff herein for a preliminary injunction, said motion being set down for hearing before this Court on June 4, 1956, and affidavits in support of said motion and in opposition thereto having been filed herein; and

Whereas, it appears from the verified amended complaint on file herein and the said affidavits that

defendants' use of [100] the trade-mark "Las Palmas" in Mexico will cause immediate and irreparable injury, loss, and damage to plaintiff unless immediately restrained by this Court without notice; and

Whereas, it also appears prima facie from the foregoing pleadings and affidavits that the Court now has jurisdiction over the subject matter of the action and the persons of the defendants, but, in the event of a transfer by defendants of the Mexican registration No. 76,068, allegedly owned by defendant Baca, or the physical assets of the business in which it is employed, to a nonresident citizen of Mexico, this Court will be powerless to grant the injunctive relief sought, and such transfer would defeat the Court's jurisdiction to enjoin further use of said trade-mark in Mexico;

Now, Therefore, in view of the foregoing, and good cause shown,

It Is Hereby Ordered, Adjudged and Decreed as follows:

That defendants Pablo Baca Gavaldon, Ralph Worthington, and Las Palmas Food Company, Inc., their officers, agents, servants, and employees and attorneys, and those persons in active concert or participation with them, or any of them, who receive actual notice of this order, by personal service or otherwise, are hereby enjoined and restrained, during the period from the date of this order to

and including the date of the decision of this Court on plaintiff's motion for preliminary injunction, which period shall not exceed ten (10) days from the date of this order and any extensions thereof, from selling, assigning, transferring, or conveying or encumbering any right, title, or interest of defendants, or any of them, in and to:

(a) Mexican trade-mark registration No. 76,068, or any good will associated therewith [101] in Mexico, and/or

(b) Certain physical assets of that portion of the business of defendants, or any of them, in which is employed the trade-mark "Las Palmas," registered in Mexico as aforesaid, and, specifically, unused labels, signs, prints, packages, wrappers, receptacles, and advertisements bearing the trade-mark "Las Palmas" thereon:

Provided that plaintiff shall forthwith file a security bond or undertaking of $1,000.00, and conditioned upon the payment of such costs and damages as are incurred or suffered by defendants, or any of them, restrained by this order, if it finally be determined that said defendants have been unlawfully restrained thereby.

It Is Further Ordered that service on or before the 29th day of May, 1956, upon the attorneys for defendants of a true, though uncertified, copy of this order shall be deemed sufficient notice thereof to defendants, and each of them.

Dated: At Los Angeles, California, this 28th day of May, 1956, at 1:45 p.m.

/s/ WM. C. MATHES,
Judge.

[Endorsed]: Filed May 28, 1956.

Docketed and entered May 29, 1956. [102]

[Title of District Court and Cause.]

DEFENDANTS' WRITTEN STATEMENT OF REASONS IN OPPOSITION TO PLAINTIFF'S MOTION FOR PRELIMINARY INJUNCTION

Defendants Las Palmas Food Company, Inc., a corporation; Ralph Worthington and Pablo Baca Gavaldon, will oppose plaintiff's motion for Preliminary Injunction on each and all of the reasons hereinafter listed.

1. This court does not have jurisdiction of the subject matter of the action or of the acts of defendants as to which a preliminary injunction is sought by plaintiff's motion, inasmuch as the alleged acts of infringement and unfair competition of defendants have been committed in Mexico, and not within the United States, and have been committed pursuant to a valid registration of trade-mark by defendants in Mexico.

2. Neither plaintiff's amended complaint, nor plaintiff's motion and its supporting papers, nor

both of them, state a claim upon which relief can be granted. [103]

Said opposition will be based upon this Statement of Reasons, on all the documents heretofore filed by defendants in opposition to plaintiff's prior motion for preliminary injunction, and in support of defendants' prior motion to dismiss, including all affidavits of Ralph Worthington, Pablo Baca Gavaldon and Lic. Juan del Avellano Ochoa, all photostatic copies of trade-mark registrations and licenses, and additional affidavits of Ralph Worthington and Pablo Baca Gavaldon to be filed concurrently herewith or as soon as available to defendants prior to the hearing on plaintiff's said motion; and upon defendants' Memorandum of Points and Authorities (1) In Support of Motion to Dismiss Amended Complaint; (2) In Opposition to Motion for Preliminary Injunction filed concurrently herewith.

Dated this 6th day of June, 1956.

Respectfully submitted,

MASON & HOWARD;

By /s/ C. LOY MASON,

Attorneys for Defendants, Las Palmas Food Company, Inc., a Corporation; Ralph Worthington and Pablo Baca Gavaldon.

[Endorsed]: Filed June 7, 1956. [104]

[Title of District Court and Cause.]

NOTICE OF MOTION TO DISMISS

To Plaintiff and to Its Attorneys, Harris, Kiech, Foster & Harris:

Please Take Notice that on Monday, June 11, 1956, at the hour of 9:30 a.m. or as soon thereafter as counsel can be heard, in the above-entitled Court, Courtroom of the Hon. William Mathes, Federal Building, Los Angeles, California, defendants Las Palmas Food Company of California, Inc.; Ralph Worthington and Pablo Baca Gavaldon, for themselves alone, will move the Court pursuant to Federal Rule of Civil Procedure 12 (b) for an order dismissing the action herein on the grounds that (a) this Court does not have jurisdiction of the subject matter of the action inasmuch as the alleged acts of infringement and unfair competition of defendants have been committed in Mexico, and not within the United States, and have been committed pursuant to a [106] registration of trade-mark by defendants in Mexico, all as appears in the complaint herein and as elaborated in defendants' Memorandum of Points and Authorities, and on the further grounds (b) that the Amended Complaint fails to state a claim upon which relief can be granted.

Said motion will be based on the Amended Complaint, this Notice of Motion, Defendants' Memorandum of Points and Authorities in Support of

Motion to Dismiss, which is served and filed concurrently herewith, and on all the records and files in this case.

Dated this 1st day of June, 1956.

MASON & HOWARD;

By /s/ C. LOY MASON,

Attorneys for Defendants, Las Palmas Food Company of California, Inc., a Corporation; Ralph Worthington and Pablo Baca Gavaldon.

Receipt of copy acknowledged.

[Endorsed]: Filed June 7, 1956. [107]

[Title of District Court and Cause.]

NOTICE OF DISMISSAL AS TO CERTAIN DEFENDANTS

Now comes the plaintiff, Ramirez & Feraud Chili Co., a co-partnership composed of Frank Feraud and E. C. Feraud, and, pursuant to Rule 41 (a) (1) (i) of the Federal Rules of Civil Procedure, dismisses the above-entitled civil action No. 19,355-WM against the defendants John Doe I and John Doe II.

Dated: At Los Angeles, California, this 14th day of June, 1956.

HARRIS, KIECH, FOSTER & HARRIS;

FORD HARRIS, JR.;
WARREN L. KERN,
WALTON EUGENE TINSLEY;

By /s/ WARREN L. KERN,
Attorneys for Plaintiff.

Receipt of copy acknowledged.

[Endorsed]: Filed June 18, 1956.

Docketed and entered June 19, 1956. [109]

[Title of District Court and Cause.]

FINDINGS OF FACT, CONCLUSIONS OF LAW, AND ORDER DENYING DEFENDANTS' MOTION TO DISMISS AND GRANTING PLAINTIFF'S MOTION FOR PRELIMINARY INJUNCTION

Plaintiff having brought on its motion, filed May 25, 1956, for preliminary injunction, and defendants having brought on their motion to dismiss pursuant to Rule 12 (b) (1) and (6) of the Federal Rules of Civil Procedure, filed June 7, 1956; hearing on said motions having been held on June 12, 1956; Harris, Kiech, Foster & Harris, and Warren L. Kern, Esq., appearing as counsel for plaintiff, and Mason & Howard, C. Loy Mason, Esq., and Paul P. Selvin, Esq., appearing as counsel for the defendants, and each of them; this Court having fully considered plaintiff's verified amended complaint, filed May 25, 1956, and Exhibits A through E annexed thereto,

as well as plaintiff's supplemental [111] memorandum of points and authorities in support of said motion for preliminary injunction, filed June 4, 1956; defendants' written statement of reasons in opposition to plaintiff's motion for preliminary injunction, dated June 6, 1956; defendants' memorandum of points and authorities in support of *motion to* dismiss amended complaint and in opposition to motion for preliminary injunction, dated June 6, 1956; defendants' supplemental memorandum, dated June 26, 1956; plaintiff's supplemental memorandum after argument on motions for preliminary injunction and to dismiss, dated June 27, 1956; the additional documents of record herein; the arguments and statements of all counsel during said hearing on said motions, said argument being reported and transcribed in its entirety by the Court reporter, and the following:

Affidavit of Ernest C. Feraud, dated February 2, 1956, and Exhibits 1-A, 1-B, 1-C, 2-A, 2-B 3 and 4, annexed thereto;

Affidavit of Mrs. Jo. Weilbacher, dated February 10, 1956;

Affidavit of Allan S. Klauber, dated February 1, 1956, and Exhibit 1 annexed thereto;

Affidavit of Richard Strauss, dated February 9, 1956;

Affidavit of Walton Eugene Tinsley, dated February 7, 1956, and Exhibits A and B annexed thereto;

Affidavit of Fred Yasukochi, dated February 10, 1956, and Exhibits 1-A and 1-B annexed thereto;

Affidavit of J. W. Kyte, dated February 17, 1956, and Exhibit A annexed thereto;

Second Affidavit of J. W. Kyte, dated March 15, 1956;

Supplementary Affidavit of Richard Strauss, dated March 16, 1956; [112]

Affidavit of Ralph Worthington in opposition to said motion, dated February 17, 1956;

Exhibits A-1, A-2, B-1 and B-2 annexed to defendants' written statement of reasons in opposition to plaintiff's motion for preliminary injunction;

Affidavit of Pablo Baca Gavaldon, dated February 24, 1956;

Affidavit of Juan Del Avellano Ochoa, dated February 20, 1956;

Second Affidavit of Ralph Worthington, dated February 24, 1956, in opposition to Affidavit of J. W. Kyte;

Supplemental Affidavit of Jo. Weilbacher, dated June 1, 1956;

Third Affidavit of Ralph Worthington, dated June 7, 1956, and Exhibit A annexed thereto;

Second Affidavit of Pablo Baca Gavaldon, dated June 20, 1956;

Affidavit of Eliseo Diaz de Leon, dated June 20, 1956;

Extract of Pertinent Mexican Law, constituting translation of Law of Industrial Property, Regulations and Tariff of Fees, Title III, Ch. 1, Art. 99, 100; Ch. IX, Art. 200 (published in Dario Official of December 31, 1942), filed June 13, 1956; and

Plaintiff's Exhibits 1, 1-A, 2 and 2-A, received in

evidence on June 12, 1956, on plaintiff's motion for preliminary injunction;

and the said motions, after argument, having been submitted for decision; [113]

Now, Therefore, the Court, for good cause shown, adopts the following findings of fact and conclusions of law and makes the following order, all based on said record before the Court:

Findings of Fact

1. Plaintiff, Ramirez & Feraud Chili Co., is a co-partnership having a principal place of business in the City of Ventura, County of Ventura, and State of California, and composed of Frank Feraud and E. C. Feraud, co-partners, each a citizen of the United States, residing at the City of Ventura, County of Ventura, and State of California.

2. Defendant Las Palmas Food Company, Inc., is a California corporation having a place of business in the County of Los Angeles, State of California, and within this judicial district. Said corporation has been engaged in the business of importing and distributing food products in the United States and is now engaged in packing and distributing such products in the Republic of Mexico.

3. Pablo Baca Gavaldon, commonly known as Pablo Baca or Paul Baca, is an alien residing at Monterey Park, in the County of Los Angeles, State of California. Said defendant has been engaged in

the food business in the United States for approximately thirty (30) years last past.

4. Ralph Worthington is a citizen of the United States, residing at Temple City, in the County of Los Angeles, State of California, and is the President of defendant Las Palmas Food Company, Inc. [114]

5. This is an action arising under the Trade-Mark and Unfair Competition Laws of the United States, and particularly the Trade-Mark Act of 1946, Public Law 489, 79th Congress, Chapter 540, approved July 5, 1946; Chapter 22 of Title 15 of the United States Code, and under Chapter 85 of Title 28 of the United States Code, Section 1338 (b).

6. In or about February, 1922, plaintiff adopted and used the trade-mark "Las Palmas" for various canned Spanish foods and condiments, and has continuously employed said mark on labels annexed to the containers for its said goods sold and shipped in local and interstate commerce in the United States from that date to the present time. Included among the items of Spanish foods and condiments to which plaintiff applies said mark are chili peppers, chili sauce, and canned beans with chili sauce.

7. From at least as early as August, 1948, and continuously to the present date, plaintiff has employed its said trade-mark "Las Palmas" in commerce between the United States and the Republic of Mexico, and its said trade-marked products have been continuously sold within the Republic of

Mexico from at least as early as the year 1948 to the present date.

8. Annexed to the amended complaint herein as Exhibit A is a specimen of plaintiff's "Las Palmas" red chili sauce label presently in use in the United States and in the Republic of Mexico on its ten (10) ounce cans of said product.

9. On or about July 9, 1940, the trade-mark "Las Palmas" in design was registered by plaintiff in the United States Patent Office under the Trade-Mark Act of 1905, for Canned Spanish Red Chili Sauce and Canned Beans with Chili Sauce, [115] being registration No. 379,295. On or about May 10, 1949, said trade-mark was republished by plaintiff under the Trade-Mark Act of 1946, pursuant to Section 12 (c) of said Act (15 U.S.C. 1062 [c]). On or about August 13, 1954, a combined affidavit pursuant to Sections 8 and 15 of the Trade-Mark Act of 1946 (15 U.S.C. 1058 and 1065) was accepted and received, respectively, in the United States Patent Office, whereby said registration is now incontestable, and the certificate thereof constitutes conclusive evidence of plaintiff's exclusive right to use said mark in commerce on its said goods.

10. On or about November 3, 1953, the trade-mark "Las Palmas," apart from any design, was registered by plaintiff in the United States Patent Office under the Trade-Mark Act of 1946 for Canned Roasted and Peeled Green Chili Peppers; Canned Red Chili Sauce; Canned Green Chili Sauce;

Canned Beans with Chili Sauce, and Canned Lima Beans with Chili Sauce, being registration No. 582,054.

11. Plaintiff's "Las Palmas" food products are well advertised both in the United States and in the Republic of Mexico; such advertising in the United States has appeared continuously during the past twenty (20) years in newspapers and home and trade magazines. In the Republic of Mexico plaintiff has continuously advertised its "Las Palmas" red chili sauce since 1951 by daily radio spots over Station XEAU in Tijuana, Baja California.

12. Plaintiff, during the course of the last thirty (30) years, has sold large quantities of its Spanish foods and condiments under the "Las Palmas" trade-mark throughout the United States and, since 1948, has enjoyed substantial sales of its red chili sauce, prominently displaying the "Las Palmas" mark on [116] the labels (Exhibit A annexed to the amended complaint), in the Republic of Mexico, particularly in the northwestern border cities of the Republic of Mexico, such as Mexicali, Tijuana, and Ensenada.

13. As a result of plaintiff's advertising and extensive sales of its products over a long period of time under the "Las Palmas" trade-mark, plaintiff has developed a valuable good will associated with its mark and label both in the United States and in the Republic of Mexico.

14. The defendant Las Palmas Food Company,

Inc., was incorporated by present counsel for defendants, C. Loy Mason, in June, 1953.

15. It is not true that the name of defendant corporation was innocently chosen by defendant Worthington, its principal incorporator, because of any alleged recollection by said defendant of the name of the city of Las Palmas in the Canary Islands; nor is it true that said Worthington had no knowledge of the existence of plaintiff's United States trade-mark "Las Palmas" prior to said incorporation of defendant Las Palmas Food Company, Inc.; but, on the contrary, said corporate name was chosen by defendant Worthington with knowledge of plaintiff's trade-mark and intent to trade on plaintiff's good will.

16. Either shortly before or shortly after the incorporation of defendant corporation, defendant Baca associated himself with defendant Worthington, and subsequently with defendant Las Palmas Food Company, Inc., in a joint venture to process, import, and distribute food products in the United States and in the [117] Republic of Mexico, using the "Las Palmas" trade-mark in Mexico and the trade name Las Palmas Food Company, Inc., in the United States, and said defendants, and each of them, at the time of the formation of such joint venture, and at all times thereafter, had knowledge of plaintiff's prior use of its "Las Palmas" trade-mark on its Spanish foods and condiments and the valuable good will associated with said trade-mark.

17. Thereafter and in October, 1953, defendants commenced the importation from Mexico and sale in commerce in the United States of Spanish type foods and condiments, and particularly pickled whole green chilis, under labels bearing the trade-mark "La Malinche" thereon and the trade name Las Palmas Food Company, Inc., which trade name incorporated plaintiff's registered trade-mark therein and was apparently adopted and used for the purpose of causing the trade and buyers to believe that the products of said defendants were associated in some manner with plaintiff or emanated from the same source. The sale by defendants of said "La Malinche" products was, however, not successful and was discontinued by defendants prior to the commencement of this action.

18. Since December, 1954, defendants have made no sales in the United States under any labels or packaging which included the words, name, or trade name "Las Palmas" or "Las Palmas Food Co., Inc.," or any colorable imitation thereof; and all sales by defendants under labels or packaging bearing the trade-mark "Las Palmas" have been made by defendants in the Republic of Mexico and none have been made in the United States; goods sold under such trade-mark by defendants have been packed exclusively in the Republic of Mexico. [118]

19. On October 28, 1953, application was filed in the name of one Fernando De La Pena of Tijuana, Baja California, to register the trade-mark "Las Palmas" in the Republic of Mexico for chili sauce

and spice, which registration issued on February 10, 1954, under No. 76,068. This registration was assigned to defendant Baca on November 30, 1954.

20. Defendant Baca was a former customer of plaintiff, having purchased for resale plaintiff's "Las Palmas" products as far back as the year 1933, and the acquisition in 1954 of the Mexican "Las Palmas" trade-mark registration by said defendant was with full knowledge of plaintiff's prior use of the said mark.

21. In or about March of 1955 defendants Worthington and Baca sought to place an order for "Las Palmas" brand labels to be printed by Western Lithograph Company of Los Angeles. Defendant Worthington exhibited one of plaintiff's "Las Palmas" labels during the ensuing interview. The label order was refused by said company representative, but said defendants thereafter caused to be counterfeited the "Las Palmas" labels of plaintiff by procuring the printing of labels (Exhibit D annexed to the amended complaint) through another company in the State of California, to whose representative plaintiff's "Las Palmas" label (Exhibit A annexed to the amended complaint) was provided by defendants as a basis for design, and defendants' said counterfeit label employs not only the identical trade-mark "Las Palmas" thereon, but also the exact colors of plaintiff's label and the same format, style of printing, and a similar layout and design.

22. In addition to said counterfeit labels, defendants secured cans and cartons in the United States

for use in canning and packing their "Las Palmas" red chili sauce in a processing [119] and packing operation thereafter carried on by defendant Baca at Tecate, Baja California.

23. Subsequently during the year 1955, the defendants commenced selling in the Republic of Mexico and particularly in Tijuana, Baja California, where plaintiff's "Las Palmas" product was widely sold, their red chili sauce packed in containers of identical size to those of plaintiff and bearing the counterfeit "Las Palmas" label (Exhibit D annexed to the amended complaint).

24. The packaging and dress of the goods of plaintiff and defendants (Exhibits 1, 2, and 1-A, 2-A, respectively, in evidence) are so alike in overall appearance that purchasers would almost inevitably fail to distinguish between the products of the parties and would in all likelihood be confused and misled by their very close similarity.

25. Defendants had full knowledge prior to their procuring to be printed the "Las Palmas" labels, Exhibit D, and prior to their initial use of their said labels in Mexico, of plaintiff's long prior use of the "Las Palmas" trade-mark and the valuable good will associated with said mark, and defendants simulated and counterfeited plaintiff's trade-mark and label in the United States with intent to trade on plaintiff's good will and to palm off their product as that of the plaintiff in the Republic of Mexico.

26. Persons of Mexican origin or descent, residing in border cities in the United States, such as Calexico and San Diego, purchase many of their groceries and food items, including plaintiff's "Las Palmas" products, in the corresponding Mexican border cities, such as Mexicali and Tijuana, and freely carry [120] such groceries and food items back to the United States, where same are consumed, and there is a substantial likelihood that such purchasers, buying defendants' spurious products in Mexico, will be confused and misled into believing they are buying plaintiff's product; and plaintiff's good will in the United States is also placed in jeopardy of any inferiority, present or future, in the defendants' spurious product.

27. On or about August 30, 1955, defendant Las Palmas Food Company, Inc., addressed a communication to plaintiff and each of its brokers and wholesalers in the United States and Mexico selling plaintiff's "Las Palmas" red chili sauce in Mexico, advising them that said defendant was the exclusive owner of the "Las Palmas" brand registered in Mexico, and asserting an "infringement" thereof by virtue of any exportation of plaintiff's products bearing this trade-mark.

28. The said communication was false, in that the trade-mark registration in Mexico was not exclusively owned by Las Palmas Food Company, Inc., but record title to said registration was and is in the name of defendant Baca. Said communication was not intended to provide a legitimate

warning to infringers, but was sent out in bad faith by defendants to harass plaintiff and coerce its wholesalers and brokers, under threat of suit, from shipping into Mexico for sale thereat, and to injure plaintiff's reputation and good will among wholesalers and brokers.

29. The acts of defendants, and each of them, which were carried out in the United States and in the Republic of Mexico, as aforesaid, were all designed and undertaken for the sole purpose and with the plan and intent of pirating the plaintiff's good will and market for its "Las Palmas" products in the Republic of Mexico. [121]

30. As a result of defendants' acts carried out in the United States and in the Republic of Mexico, plaintiff's good will in the United States and in the Republic of Mexico has been jeopardized and diminished, while defendants' products, bearing the counterfeit "Las Palmas" label, have been and are being sold in Mexico on the strength of said good will and reputation which plaintiff has built up over the course of many years of use and advertising of its "Las Palmas" trade-mark; plaintiff's reputation and good will with its wholesalers and distributors in the United States and Mexico, which it must maintain among such wholesalers and distributors in order that they use their best selling efforts to push plaintiff's "Las Palmas" products in the United States and Mexico, have suffered as a result of their receipt of the false communication sent by defendant as aforesaid; in the Republic of Mexico

members of the purchasing public and the trade have been or will be deceived into buying defendants' product sold under the counterfeit "Las Palmas" label as and for the product of plaintiff; plaintiff's wholesalers and brokers, or certain of them, who customarily purchase plaintiff's goods for sale in Mexico, have diminished their purchases from plaintiff and their shipments into Mexico of plaintiff's "Las Palmas" products; plaintiff's good will and its market in Mexico have been pirated by defendants; and both local and interstate commerce in plaintiff's said goods in the United States have been diminished, and its commerce in said goods between the United States and the Republic of Mexico, as well as that of certain of its wholesalers and distributors, has been drastically reduced.

31. The trade-mark laws of the Republic of Mexico recognize the rights of a prior user in the Republic of Mexico by providing in Title III of Dario Official of December 31, 1942, Chapter I, Articles 99 and 100, as follows: [122]

"Ch. I, General Rules.

* * *

"Art. 99. The right to the use of a trade-mark obtained by virtue of its registration shall be ineffectual against third parties who have been using said trade-mark in the Republic of Mexico for more than three years prior to the legal date of the said registration.

"Art. 100. In case the person who has been using a trade-mark later registered by a third party should also request its registration within three years after the first registration was effected, the registered trade-mark shall be subject to the provisions of Section II of Article 200 of this law."

32. The trade-mark laws of the Republic of Mexico also recognize the rights of a prior user in the Republic of Mexico by providing in Title III of Dario Official of December 31, 1942, Chapter IX, Article 200, as follows:

"Ch. IX. Nullity, lapsing, extinction and cancellation of the registration of trade-marks.

"Art. 200. The registration of a trade-mark is void:

"I. If made in violation of the provisions of this law or of the laws in force at the time it was registered.

"II. If the trade-mark has been used in the Republic (of Mexico) prior to the date of its registration, provided the party who asserts the right of use files an application for registration with the Secretariat of National Economy [123] within three years following the date the first registration was published in the 'Gazette of Industrial Property,' and proves his continuous use of the trade-mark and the fact that he commenced to use it prior to the original registrant.

"III. If the trade-mark has previously been used and is registered in a foreign country, in the

same case as provided for in the preceding section. In this case, however, the three-year period shall be reduced to six months, and furthermore, the respective foreign country must grant this same right to Mexicans.

"IV. If the trade-mark contains false data as to the origin of the goods covered thereby, location of the industrial or commercial establishment or owner of the trade-mark, mention of medals, diplomas or prizes not actually obtained, or a false statement as to the date on which use of the trade-mark was commenced.

"V. If, due to error, inadvertence, or differences of opinion, the trade-mark is registered although another one is in force which is deemed as infringed on the basis that it might be mistaken with the former one. In this case the Secretariat, ex officio, or at the petition of party shall declare that the second registration is null, provided the error is noted or claimed within three years following the date of publication of the second registration in the 'Gazette,' otherwise the latter shall subsist. The nullity of trade-marks registered with intent to defraud may be claimed at any time." [124]

33. Plaintiff has employed the trade-mark "Las Palmas" in Mexico for more than three (3) years prior to its registration thereof in Mexico by defendants or their assignor and in connection with the same or similar goods for which it was so registered by defendants or their assignor in Mexico.

34. Plaintiff has heretofore filed application for registration of its "Las Palmas" trade-mark in Mexico, in order to effect nullification or cancellation of the registration of defendant Baca under Mexican law.

35. Prosecution of the cancellation or nullification proceedings in the Republic of Mexico will ordinarily require a period in excess of one (1) year before a final decision may be reached in said cancellation or nullification proceedings, as a result of which plaintiff cannot obtain immediate relief against defendants in the Republic of Mexico.

36. Defendant Baca has threatened and may continue to threaten to delay the prosecution of plaintiff's cancellation or nullification proceedings in Mexico by impeding or interfering with plaintiff's endeavors to gather evidence or testimony from plaintiff's wholesalers or distributors in the Republic of Mexico.

37. In order to preserve the status quo of this action pending the determination of plaintiff's right to interlocutory relief, defendants have been heretofore temporarily restrained by an order of this Court from transferring Mexican trade-mark registration No. 76,068, or any good will associated therewith in Mexico, and/or certain physical assets of that portion of the business of the defendants in Mexico in which is employed [125] the trade-mark "Las Palmas" registered in Mexico as aforesaid, and specifically unused labels, signs, prints, pack-

ages, wrappers, receptacles, and advertisements bearing the trade-mark "Las Palmas" thereon; an injunction by this Court restraining such transfer until a final determination of this action is requisite to preserve said status quo pending such final determination.

38. Plaintiff is suffering irreparable injury and will continue to so suffer prior to the final determination of such cancellation or nullification proceedings in Mexico, unless restrained by this [126] Court.

Conclusions of Law

1. The defendants, and each of them, are citizens or residents of the United States, and this Court has jurisdiction in personam of said defendants, and each of them.

2. This Court has jurisdiction over the subject matter of the action under the Trade-Mark Act of 1946, Public Law 489, 79th Congress, Chapter 540, approved July 5, 1946, Chapter 22 of Title 15 of the United States Code.

3. Plaintiff is the owner of and prior user in the United States and the prior user in the Republic of Mexico of the trade-mark "Las Palmas" for various Spanish foods and condiments which trade-mark is registered by plaintiff in the United States Patent Office under the Trade-Mark Act of 1946. Said trade-mark and said registrations Nos. 379,295 and 582,054 are each valid and subsisting.

4. Defendants, and each of them, are and have been wilfully and knowingly infringing said trade-mark "Las Palmas" and competing with plaintiff unfairly in the Republic of Mexico, such infringement and unfair competition in Mexico culminating an unlawful plan or scheme to appropriate the plaintiff's market and the benefits of plaintiff's good will in the Republic of Mexico, various acts of the defendants, in furtherance of said plan or scheme, having been initiated or carried out in the United States.

5. Defendants have competed unfairly with plaintiff in the United States in pursuance of said unlawful plan or scheme of defendants to appropriate the plaintiffs established market and good will in the Republic of Mexico. [127]

6. Said infringement and unfair competition by defendants in the Republic of Mexico have affected and are affecting adversely commerce which may lawfully be regulated by Congress and, in particular, plaintiff's interstate and foreign commerce in its "Las Palmas" products.

7. Plaintiff is suffering immediate irreparable injury as a result of defendants' infringement and unfair competition and has no speedy or adequate remedy at law.

8. The registration of the trade-mark "Las Palmas" by the defendants in the Republic of Mexico does not oust this Court of jurisdiction to enjoin the defendants, United States citizens or

residents, from their said acts of trade-mark infringement and unfair competition in the Republic of Mexico, which adversely affect commerce within the control of the Congress of the United States and radiate unlawful consequences into this country.

9. An injunction by this Court restraining defendants from using the trade-mark "Las Palmas" in Mexico does not invalidate defendants' said registration in the Republic of Mexico or interfere with or violate the recognized sovereignty of the Republic of Mexico, nor does such injunction contravene the public policy of said country as set forth in its trade-mark laws.

10. An injunction by this Court restraining defendants from transferring title in Mexican registration No. 76,068 and any good will associated therewith, including certain physical assets of that portion of the business of defendants in which is employed the trade-mark "Las Palmas," is necessary to preserve the status quo pending a final determination of this action. [128]

Order

In accordance with the foregoing findings of fact and conclusions of law, It Is Ordered, Adjudged, and Decreed:

1. Defendants' motion to dismiss is hereby denied.

2. Plaintiff's motion for preliminary injunction is hereby granted to the extent that, upon plaintiff's

filing with the Clerk a bond in the penal sum of $10,000, with good and sufficient surety approved as provided by local rule 8, and conditioned as required by Rule 65 of the Federal Rules of Civil Procedure, a writ of injunction will issue, in the form and scope provided by Rule 65, enjoining and restraining the defendants, and each of them, their officers, agents, servants, employees, and attorneys, and those acting in concert or participation with them, or any of them, who receive actual notice of such injunction, pending the hearing and determination of this action or until further order of Court, from infringing plaintiff's trade-mark "Las Palmas" and/or competing unfairly with plaintiff, and specifically:

(a) From using or employing, directly or indirectly in any way or manner, the trade-mark "Las Palmas," or any colorable imitation thereof, on or in connection with any sale, distribution, promotion, advertising for sale, or display, in either the United States or the Republic of Mexico, of any red chili sauce, or of any other Spanish-type foods or condiments which are like or closely related to any now manufactured or offered for sale by plaintiff; [129]

(b) From aiding or participating, directly or indirectly in any way or manner, in any sale, distribution, promotion, advertising for sale, or display, in either the United States or the Republic of Mexico, of any red chili sauce, or of any other Spanish-type foods or condiments like or closely

related to any now manufactured or offered for sale by plaintiff, labeled with the trade-mark "Las Palmas," or any colorable imitation thereof, or with any other mark or label confusingly similar to plaintiff's label, Exhibit A, annexed to the amended complaint of file herein;

(c) From impeding or interfering, directly or indirectly in any way or manner, with plaintiff's endeavors to gather evidence or testimony from plaintiff's wholesalers or distributors in the Republic of Mexico and, in particular, from urging or inducing, or in any way or manner attempting to induce, any of plaintiff's wholesalers or distributors to refuse to supply affidavits or testimony respecting plaintiff's use of the "Las Palmas" trade-mark in the Republic of Mexico;

(d) From representing, either orally or in writing, to any other person not a party to this suit, that the exportation to the Republic of Mexico, or the sale or distribution therein, of "Las Palmas" brand products manufactured or sold by plaintiff constitutes an infringement or other violation of any rights of defendants, or any of them; and

(e) From selling, assigning transferring, or conveying or encumbering any right, title, or interest of defendants, or any of them, in and to: [130]

(i) Mexican trade-mark registration No. 76,068, or any good will associated therewith in Mexico, and/or

(ii) Certain physical assets of that portion of the business of defendants, or any of them, in which is employed the trade-mark "Las Palmas," registered in Mexico as aforesaid, and, specifically, unused labels, signs, prints, packages, wrappers, receptacles, and advertisements bearing the trade-mark "Las Palmas" thereon.

Dated: At Los Angeles, California, this 27th day of July, 1956.

/s/ WM. C. MATHES,
United States District Judge.

Approved as to Form, this 26th day of July, 1956

MASON & HOWARD,
C. LOY MASON,
PAUL P. SELVIN,

By /s/ PAUL P. SELVIN,
Attorneys for Defendants.

Receipt of copy acknowledged.

Docketed and entered July 27, 1956. [131]
[Endorsed]: Filed July 27, 1956.

In the United States District Court, Southern District of California, Central Division

Civil Action No. 19355-WM

RAMIREZ & FERAUD CHILI CO., a Co-Partnership Composed of FRANK FERAUD and E. C. FERAUD,

Plaintiff,

vs.

LAS PALMAS FOOD COMPANY, INC., a Corporation; PABLO BACA GAVALDON, and RALPH WORTHINGTON,

Defendants.

WRIT OF PRELIMINARY INJUNCTION

The President of the United States

To Las Palmas Food Company, Inc., a Corporation; Pablo Baca Gavaldon, and Ralph Worthington, Their Officers, Agents, Servants, Employees, and Attorneys:

Whereas, by order on plaintiff's motion of May 25, 1956, for preliminary injunction, filed July 27, 1956, it appears that it was ordered that a preliminary injunction issue restraining defendants, Las Palmas Food Company, Inc., a Corporation, Pablo Baca Gavaldon, and Ralph Worthington, and each of them, [133] their officers, agents, servants, employees, and attorneys, and those acting in concert or participation with them, or any of them, who receive actual notice of such injunction, by per-

sonal service or otherwise, pending the hearing and determination of this action or until further order of Court, from infringing plaintiff's trade-mark "Las Palmas" and/or competing unfairly with plaintiff, and specifically:

(a) From using or employing, directly or indirectly, in any way or manner, the trade-mark "Las Palmas," or any colorable imitation thereof, on or in connection with any sale, distribution, promotion, advertising for sale, or display, in either the United States or the Republic of Mexico, of any red chili sauce, or of any other Spanish-type foods or condiments which are like or closely related to any now manufactured or offered for sale by plaintiff;

(b) From aiding or participating, directly or indirectly, in any way or manner, in any sale, distribution, promotion, advertising for sale, or display, in either the United States or the Republic of Mexico, of any red chili sauce, or of any other Spanish-type foods or condiments like or closely related to any now manufactured or offered for sale by plaintiff, labeled with the trade-mark "Las Palmas," or any colorable imitation thereof, or with any other mark or label confusingly similar to plaintiff's label, Exhibit A, annexed to the amended complaint on file herein;

(c) From impeding or interfering, directly or indirectly, in any way or manner, with plaintiff's endeavors to gather evidence or testimony from

plaintiff's wholesalers or distributors in the Republic of Mexico and, in particular, from urging or inducing, or in any way or manner attempting to induce, any of plaintiff's wholesalers or distributors to refuse to supply affidavits or testimony respecting plaintiff's use of the "Las Palmas" trade-mark in the Republic of Mexico; [134]

(d) From representing, either orally or in writing, to any other person not a party to this suit, that the expertation to the Republic of Mexico, or the sale or distribution therein, of "Las Palmas" brand products manufactured or sold by plaintiff constitutes an infringement or other violation of any rights of defendants, or any of them; and

(e) From selling, assigning, transferring, or conveying or encumbering any right, title, or interest of defendants, or any of them, in and to:

(i) Mexican trade-mark registration No. 76,068, or any good will associated therewith in Mexico, and/or

(ii) Certain physical assets of that portion of the business of defendants, or any of them, in which is employed the trade-mark "Las Palmas," registered in Mexico as aforesaid, and specifically, unused labels, signs, prints, packages, wrappers, receptacles, and advertisements bearing the trade-mark "Las Palmas" thereon;

Now, Therefore, we do hereby command and strictly enjoin you, Las Palmas Food Company,

Inc., Pablo Baca Gavaldon, and Ralph Worthington, and each of you, your officers, agents, servants, employees, and attorneys, and those acting in concert or participation with you, or any of you, who receive actual notice of this injunction, by personal service or otherwise, pending the hearing and determination of this action or until further order of Court, from infringing plaintiff's trade-mark "Las Palmas" and/or competing unfairly with plaintiff, and specifically:

(a) From using or employing, directly or indirectly, in any way or manner, the trade-mark "Las Palmas," or any colorable [135] imitation thereof, on or in connection with any sale, distribution, promotion, advertising for sale, or display, in either the United States or the Republic of Mexico, of any red chili sauce, or of any other Spanish-type foods or condiments which are like or closely related to any now manufactured or offered for sale by plaintiff;

(b) From aiding or participating, directly or indirectly, in any way or manner, in any sale, distribution, promotion, advertising for sale, or display, in either the United Statees or the Republic of Mexico, of any red chili sauce, or of any other Spanish-type foods or condiments like or closely related to any now manufactured or offered for sale by plaintiff, labeled with the trade-mark "Las Palmas," or any colorable imitation thereof, or with any other mark or label confusingly similar to

plaintiff's label, Exhibit A, annexed to the amended complaint on file herein;

(c) From impeding or interfering, directly or indirectly, in any way or manner, with plaintiff's endeavors to gather evidence or testimony from plaintiff's wholesalers or distributors in the Republic of Mexico and, in particular, from urging or inducing, or in any way or manner attempting to induce, any of plaintiff's wholesalers or distributors to refuse to supply affidavits or testimony respecting plaintiff's use of the "Las Palmas" trade-mark in the Republic of Mexico;

(d) From representing, either orally or in writing, to any other person not a party to this suit, that the exportation to the Republic of Mexico, or the sale or distribution therein, of "Las Palmas" brand products manufactured or sold by plaintiff constitutes an infringement or other violation of any rights of defendants, or any of them; and

(e) From selling, assigning, transferring, or conveying or encumbering any right, title, or interest of defendants, or any of them, in and to: [136]

(i) Mexican trade-mark registration No. 76,068, or any good will associated therewith in Mexico, and/or

(ii) Certain physical assets of that portion of the business of defendants, or any of them, in which is employed the trade-mark "Las Palmas," registered in Mexico as aforesaid,

and, specifically, unused labels, signs, prints, packages, wrappers, receptacles, and advertisements bearing the trade-mark "Las Palmas" thereon.

Hereof, fail not, under penalty of the law thence ensuing.

Witness The Honorable William C. Mathes, Judge of the United States District Court, Southern District of California, Central Division, this 30th day of July, 1956.

[Seal] JOHN A. CHILDRESS,
Clerk, U. S. District Court, Southern District of California;

By /s/ M. E. THOMPSON,
Deputy.

Return on Service of Writ attached.

[Endorsed]: Filed August 10, 1956 [137]

[Title of District Court and Cause.]

NOTICE OF APPEAL

Notice is hereby given that Las Palmas Food Company, Inc., a Corporation, Pablo Baca Gavaldon and Ralph Worthington, defendants above named, hereby appeal to the United States Court of Appeals for the Ninth Circuit from the Order

Denying Defendant's Motion to Dismiss and granting Plaintiff's Motion for Preliminary Injunction, entered in this action on July 27, 1956, and from the Preliminary Injunction thereafter entered thereon on July 27, 1956.

Dated this 23rd day of August, 1956.

MASON & HOWARD, and
PAUL P. SELVIN,

By /s/ C. LOY MASON,
Attorneys for Defendants-Appellants.

Receipt of Copy acknowledged.

[Endorsed]: Filed August 24, 1956. [142]

[Title of District Court and Cause.]

STATEMENT OF POINTS ON APPEAL

The points upon which defendants-appellants will rely on appeal are:

1. The District Court erred in granting plaintiff's motion for a preliminary injunction for the reason that the action herein should have been dismissed on defendants' motion to dismiss, for the reason that said Court did not have jurisdiction of the subject matter of the action, for the reason that the Amended Complaint failed to state a claim upon which said Court could grant relief, for the reason

that the acts enjoined are beyond the jurisdiction of the Court, and for the further reason that the policy of comity prevents said Court from issuing said injunction, from passing on the validity or effect of the acts of the authorities of Mexico in issuing a trade mark to defendants, and from affecting the exercise of defendants' rights under said Mexican trade mark. [144]

2. The district Court erred in its Conclusion of Law 5, and said Conclusion is not supported by the Findings of Fact.

3. The District Court erred in its Conclusions of Law 8 and 9.

Dated this 23rd day of August, 1956.

MASON & HOWARD, and
PAUL P. SELVIN,

By /s/ C. LOY MASON,
Attorneys for Defendants-Appellants.

Receipt of Copy acknowledged.

[Endorsed]: Filed August 24, 1956. [145]

In the United States District Court, Southern District of California, Central Division

Case No. 19344-WM Civil

RAMIREZ & FERAUD CHILI CO., a Co-Partnership Composed of FRANK FERAUD and E. C. FERAUD,

Plaintiff,

vs.

LAS PALMAS FOOD COMPANY OF CALIFORNIA, INC., a Corporation; PABLO BACA CAVALDON, RALPH WORTHINGTON, JOHN DOE I and JOHN DOE II.

Defendants.

Honorable William C. Mathes, Judge Presiding.

REPORTER'S TRANSCRIPT OF PROCEEDINGS

Tuesday, June 12, 1956

Appearances:

For the Plaintiff:

HARRIS, KIECH, FOSTER & HARRIS, WARREN L. KERN, ESQ.:

* * *

The Court: Are they in evidence here?

Mr. Kern: No. I will offer them in evidence now as Plaintiff's Exhibits 1 and 1-A.

The Court: Which is which?

Mr. Kern: Exhibit 1 being plaintiff's product.

The Court: Is it so stipulated?

Mr. Selvin: Yes, your Honor.

Mr. Kern: And 1-A being defendants' product.

The Court: Exhibit No. 1 is plaintiff's product?

Mr. Kern: Yes, your Honor. And 1-A is defendants' product.

The Court: They are received in evidence in support of the motion for preliminary injunction as Plaintiff's Exhibits [55*] 1 and 1-A.

(The articles referred to were received in evidence and marked Plaintiff's Exhibits Nos. 1 and 1-A.)

Mr. Kern: I should like to have these marked Plaintiff's Exhibits 2 and 2-A; Exhibit 2 being plaintiff's product and Exhibit 2-A being defendant's product.

The Court: Exhibit 2 is the plaintiff's product?

Mr. Kern: Yes, your Honor.

The Court: It may be received in evidence in support of the motion for preliminary injunction.

(The article referred to was received in evidence and marked Plaintiff's Exhibit No. 2.)

The Court: And likewise Exhibit 2-A, as I understand it, gentlemen, pursuant to the same stipulation?

Mr. Selvin: Yes, your Honor.

The Court: Exhibit 2-A, defendants' product, may be received in evidence in support of the motion for preliminary injunction.

*Page numbering appearing at top of page of original Reporter's Transcript of Record.

(The article referred to was received in evidence and marked Plaintiff's Exhibit No. 2-A.)

The Court: Plaintiff's Exhibits 1 and 2 are plaintiff's product and Exhibits 1-A and 2-A are defendants' products, exemplars of them. Is that correct, Mr. Selvin?

Mr. Selvin: I am sorry.

The Court: Exhibits 1 and 2 are exemplars of plaintiff's [56] product——

Mr. Selvin: That is correct.

The Court: And Exhibits 1-A and 2-A are defendants' product?

Mr. Selvin: That is correct, your Honor.

* * *

[Endorsed]: Filed September 27, 1956. [57]

[Title of District Court and Cause.]

CERTIFICATE BY CLERK

I, John A. Childress, Clerk of the United States Distirct Court for the Southern District of California, do hereby certify that the foregoing pages numbered 1 to 154, inclusive, contain the original

Complaint;

Notice of & Motion for Preliminary Injunction;

Defendants' Written Statement of Reasons in Opposition to Plaintiff's Motion for Preliminary Injunction;

Notice of Motion to Dismiss;

Affidavit of Juan Del Avellano Ochoa;

Judgment of Dismissal for Lack of Jurisdiction Over Subject Matter;

Amended Complaint for Trade-Mark Infringement & Unfair Competition;

Notice of and Motion for Preliminary Injunction;

Temporary Restraining Order;

Defendants' Written Statement of Reasons in opposition to Plaintiff's Motion for Preliminary Injunction;

Notice of Motion to Dismiss;

Notice of Dismissal as to Certain Defendants;

Findings of Fact, Conclusions of Law and Order Denying Defendants' Motion to Dismiss and Granting Plaintiff's Motion for Preliminary Injunction;

Writ of Preliminary Injunction;

Notice of Appeal;

Statement of Points on Appeal;

Designation of Contents of Record;

Amended Designation of Contents of Record;

Counter-Designation of Additional Parts of Record;

which, together with 1 volume of reporter's transcript of proceedings, and plaintiff's Exhibits 1, 1-A, 2, 2-A, all in the above-entitled cause, constitute the transcript of record on appeal to the

United States Court of Appeals for the Ninth Circuit, in the above case.

I further certify that my fees for preparing the foregoing record amount to $2.00, which sum has been paid by appellant.

Witness my hand and seal of the said District Court this 28th day of September, 1956.

[Seal] JOHN A. CHILDRESS,
Clerk;

By /s/ CHARLES E. JONES,
Deputy.

[Endorsed]: No. 15306. United States Court of Appeals for the Ninth Circuit. Las Palmas Food Company, Inc., a Corporation; Pablo Baca Gavaldon and Ralph Worthington, Appellants, vs. Ramirez & Feraud Chili Co., a Co-Partnership Composed of Frank Feraud and E. C. Feraud, Appellee. Transcript of Record. Appeal from the United States District Court for the Southern District of California, Central Division.

Filed September 29, 1956.

/s/ PAUL P. O'BRIEN,
Clerk of the United States Court of Appeals for the Ninth Cirquit.

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IN THE

Supreme Court of the United States

October Term, 1957
No. 647

LAS PALMAS FOOD COMPANY, INC., a corporation; PABLO BACA GAVALDON and RALPH WORTHINGTON,

Petitioners,

vs.

RAMIREZ & FERAUD CHILI CO., a co-partnership,

Respondent.

Petition for Writ of Certiorari to the United States Court of Appeals for the Ninth Circuit.

BERNARD KRIEGEL,
6505 Wilshire Boulevard,
Los Angeles 48, California,
MASON & HOWARD,
417 South Hill Street,
Los Angeles 13, California,
PAUL P. SELVIN,
6399 Wilshire Boulevard,
Los Angeles 48, California,
Attorneys for Petitioners.

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I.

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IN THE

Supreme Court of the United States

October Term, 1957

No. .....

LAS PALMAS FOOD COMPANY, INC., a corporation; PABLO BACA GAVALDON and RALPH WORTHINGTON,

Petitioners,

vs.

RAMIREZ & FERAUD CHILI CO., a co-partnership,

Respondent.

Petition for Writ of Certiorari to the United States Court of Appeals for the Ninth Circuit.

Petitioners pray that a writ of certiorari issue to review the judgment of the United States Court of Appeals for the Ninth Circuit, entered in the above-entitled case on July 29, 1957 [R. 92].[1]

Citations to Opinions Below.

The opinion of the Court of Appeals for the Ninth Circuit has not yet been officially reported but has appeared in 114 United States Patent Quarterly, page 473.

[1] "R." references are to the pagination of the printed Transcript of Record as supplemented by the typewritten copy of Proceedings had in the United States Court of Appeals for the Ninth Circuit. For convenience the Appendices referred to in the text have been separately bound and are filed concurrently with this Petition.

It is reprinted here as Appendix "A-1." The judgment of said court is reprinted as Appendix "A-2."

The opinion of the United States District Court for the Southern District of California, Central Division, is reported in 146 Federal Supplement, page 594, and has been reprinted in 111 United States Patent Quarterly, page 296. It is reprinted here as Appendix "B-1." The Writ of Preliminary Injunction of said court appears at R. 76 and is reprinted as Appendix "B-2."

Jurisdiction.

The judgment of the Court of Appeals for the Ninth Circuit was entered on July 29, 1957 [R. 92].

A petition for rehearing was timely filed and denied by said court on November 4, 1957 [R. 93]. The mandate of said court has been stayed pending the disposition of this Petition for Certiorari.

Jurisdiction to review the judgment by writ of certiorari is conferred on this Court by 15 U. S. C. Section 1122 and 28 U. S. C. Section 1254(1).

Questions Presented.

(1) Where plaintiff-respondent obtained in 1940, and now has, a valid United States registration of the trade-mark "Las Palmas" and has sold and now sells its trade-marked goods in the United States and in the Republic of Mexico but has never obtained a registration of the trade-mark "Las Palmas" in Mexico; and where a United States resident who is a Mexican national obtained in 1954 and now has a valid registration in the Republic of Mexico of the trade-mark "Las Palmas" and defendant-petitioners, including said Mexican national and American citizens, package and sell their trade-marked goods *ex-*

clusively in the Republic of Mexico under said valid Mexican registration; and where prior to the filing of its complaint herein in the United States District Court the respondent instituted proceedings in the appropriate Mexican tribunal to attempt to cancel or nullify petitioners' Mexican registration, and during the pendency of petitioners' appeal herein said Mexican tribunal ruled adversely to respondent; does a United States District Court under such circumstances have jurisdiction under the Lanham Act to enjoin petitioners from using the trade-mark "Las Palmas" not only in the United States, where they have never used it, but also in the Republic of Mexico, where they are the confirmed registered owners of it?

(2) Under the circumstances described in (1) above, and where defendant-petitioners' use of the trade-mark "Las Palmas" in the Republic of Mexico is pursuant to a status specifically granted and confirmed by said foreign sovereign, does the doctrine of comity operate to prevent a United States District Court from enjoining the petitioners from using said trade-mark in the Republic of Mexico?

(3) Where under the circumstances described in (1) and (2) above a United States District Court expressly relies on the fact that the foreign sovereign has not determined the validity of petitioners' trade-mark registration in said foreign country in adversary proceedings therein, and said United States District Court enjoins petitioners from using their valid foreign trade-mark in the foreign country of registration; and where, during the pendency of an appeal from said injunction the courts of the foreign sovereign in adversary proceedings between respondent and petitioners determine and confirm the validity of petitioners' prior registration of said trade-mark in said foreign country; may the Court of Appeals

nevertheless ignore said foreign adjudication and affirm the issuance of the injunction by the District Court without more?

Treaty and Statutes Involved.

This case involves the Lanham Act (15 U. S. C. Chap. 22, Secs. 1051-1127); Title III (Trademarks) of the Law of Industrial Property of the Republic of Mexico; and the International Convention for the Protection of Industrial Property (Paris Union 1883), 53 Stat. 1754, as revised 1934, T. S. No. 94. The pertinent extracts from these statutes and this treaty are printed as Appendices "C-1," "C-2" and "C-3" respectively.

Statement of the Case.

The Findings of Fact [R. 53-70], which substantially follow the Amended Complaint [R. 25-41], show the case in the District Court to have been as follows:

Plaintiff-respondent, a partnership composed of California residents and citizens, is the owner in the United States of the trade-mark "Las Palmas" for various canned foods and condiments. Plaintiff's United States registration, obtained in 1940, is now incontestable under the federal Trade-Mark Act. Plaintiff's products are sold and advertised under said trade-mark in both the United States and the Republic of Mexico. Plaintiff has not registered its trade-mark in Mexico, but plaintiff has sold there under its trade-mark since 1948, particularly in northwestern Mexican border cities such as Mexicali, Tijuana and Ensenada, and plaintiff has developed good will associated with its mark in Mexico.

In Mexico one Fernando De La Pena of Tijuana, Baja California, applied to register the trade-mark "Las Palmas" on October 28, 1953; the Mexican authorities issued such a registration to him on February 10, 1954.

This registration has not been cancelled. De La Pena is not a party to this action.

Defendants and petitioners are a California corporation (Las Palmas Food Company, Inc.), a California resident and United States citizen (Ralph Worthington), and a Mexican citizen residing in Los Angeles (Pablo Baca Gavaldon). With knowledge of plaintiff's good will and trade-mark, and to trade on the same,[2] defendant Gavaldon on November 30, 1954, became assignee of the Mexican registration "Las Palmas" and defendants with said knowledge and intent have been using said trade-mark to process, distribute and sell canned food products *exclusively in Mexico.*[3]

The packaging and dress of the goods of respondent and petitioners are substantially similar and would con-

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[2]Petitioners are not attacking the sufficiency of the evidence to support the findings, as we believe clear-cut issues of law are raised by the findings, conclusions and injunction. For that reason, though there were conflicting affidavits before the trial court on many points [see R. 54-55], including those referred to in the text here, the affidavits, with one exception, were not made part of the Transcript of Record. The short affidavit in the Record is that of a Mexican trade-mark attorney which is pertinent to petitioners' legal issues raised in the Court of Appeals and here. See text, *infra.*

[3]Defendants print their labels and secure their cans and cartons in the United States for their operations in Mexico. The packaging of all their products and all their sales here involved are in Mexico and not at all in the United States. Finding 2 in part is:

> "Defendant Las Palmas Food Company, Inc., . . . is now engaged in packing and distributing such products in the Republic of Mexico." [R. 56.]

Finding 18 in total is as follows:

> "Since December, 1954, defendants have made no sales in the United States under any labels or packaging which included the words, name, or trade name 'Las Palmas' or 'Las Palmas Food Co., Inc.,' or any colorable imitation thereof; and all sales by defendants under labels or packaging bearing the trade-mark 'Las Palmas' have been made by defendants in the Republic of Mexico and none have been made in the United States; goods sold under such trade-mark by defendants have been packed exclusively in the Republic of Mexico." [R. 61.]

fuse and mislead purchasers, some of whom are persons of Mexican origin who reside in border cities in the United States and make purchases in Mexico and carry their purchases back to the United States, to the alleged damage of respondent's good will. In addition, on or about August 30, 1955, defendant Las Palmas Food Company, Inc., informed respondent and respondent's brokers and wholesalers in the United States and Mexico that said defendant was the exclusive owner of the "Las Palmas" brand registered in Mexico and asserted an infringement thereof in Mexico by respondent. The Trial Court found that this communication was sent in bad faith [Fndgs. 27 and 28, R. 64-65].

Plaintiff's Amended Complaint invoked the jurisdiction of the District Court under the Trade-Mark Act of 1946, Public Law 489, 79th Congress, Chapter 540, approved July 5, 1946, Chapter 22 of Title 15 of the United States Code, as well as under Chapter 85 of Title 28 of the United States Code, Section 1338(b) [R. 26]. Plaintiff prayed "for a temporary and permanent injunction enjoining the defendants . . . from infringing plaintiff's trade-mark 'Las Palmas' and/or competing unfairly with plaintiff in the United States *and/or in the Republic of Mexico,*" as well as for an accounting and damages and other relief [R. 39-41]. Plaintiff applied for a preliminary injunction to restrain defendants, *inter alia,* from using the trade-mark "Las Palmas" in Mexico [R. 43-45].

Defendants opposed the motion for preliminary injunction and moved to dismiss on the grounds of lack of jurisdiction, the principle of comity, and failure of the complaint to state a claim upon which relief could be granted [R. 49-52].

In addition to conflicting affidavits on various facts there were before the District Court copies of defendant's Mexican trade-mark registration, an "Extract of Pertinent Mexican Law," and the "Affidavit of Juan Del Avellano Ochoa," an attorney at law specializing in trademarks and admitted to practice in all the courts of the Republic of Mexico [R. 53-55]. The text of the "Extract of Pertinent Mexican Law" is reproduced in Findings 31 and 32 [R. 66-68][4] and is reprinted as Appendix "C-2"; the affidavit of Ochoa is at R. 21-22. The affidavit stated in part that the Mexican trade-mark "Las Palmas" issued to de la Pena and thereafter assigned to defendant Gavaldon "was legally issued under the laws of the Republic of Mexico and legally assigned to Pablo Baca Gavaldon; that under the laws of the Republic of Mexico, Pablo Baca Gavaldon is now the exclusive owner of said trademark and has the exclusive right to sell in the Republic of Mexico products consisting of chili sauce and spice under the name Las Palmas." No other evidence on the law of the Republic of Mexico or on its effect here was before the District Court.

The District Court overruled defendants' motion, granted plaintiff's motion, and enjoined defendants, *inter alia*, "from using . . . the trade-mark 'Las Palmas' . . . on or in connection with any sale, [etc.] . . . in either the United States or the Republic of Mexico . . ." [R. 79]. Jurisdiction was found under the Trade-Mark Act of 1946 [Concl. 2, R. 70].

In its opinion the District Court stated:

> "Nor does plaintiff ask this court to negate something that has already been determined in adversary

[4]The descriptive introductory sentences of Findings 31 and 32 are the language of the United States District Court, not the language of the "Extract of Pertinent Mexican Law."

proceedings between the parties at bar in a foreign forum. [Citations] Thus comity does not here argue against exercise of the power which the Congress has conferred" (146 Fed. Supp. at 602).[5]

Prior to the oral argument before the United States Court of Appeals for the Ninth Circuit, the appropriate administrative agency in the Republic of Mexico in adversary proceedings between the parties hereto denied plaintiff's application for nullification of defendants' trade-mark "Las Palmas." This opinion and order were

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[5]Petitioners contend that the principle of comity operated as a bar to the exercise of jurisdiction by the United States District Court even prior to the foreign determination in adversary proceedings, as petitioners' Mexican registration at all times was valid. This is comprised within the second question presented for review. Nevertheless we highlight the District Court's reasoning because of the subsequent events narrated in the Statement of the Case. The full paragraph of the District Court's opinion, with citations, is as follows:

> "It should perhaps be emphasized that plaintiff does not seek a determination that any act of a foreign sovereign is invalid. (Cf.: American Banana Co. v. United Fruit Co., supra, 213 U. S. at 358; Bernstein v. Van Heyghen, 163 F. 2d 246, 249 (2d Cir.), cert. denied, 332 U. S. 772 (1947); Banco de Espana v. Federal Reserve Bank, 114 F. 2d 438, 443 (2d Cir. 1940).) Nor does plaintiff ask this court to negate something that has already been determined in adversary proceedings between the parties at bar in a foreign forum. (Cf.: Vanity Fair Mills v. T. Eaton Co., 234 F. 2d 633, 646-647 (2d Cir.), cert. denied, 352 U. S. 871 (Oct. 15, 1956); Geo. W. Luft Co. v. Zande Cosmetic Co., 142 F. 2d 536, 540 (2d Cir.), cert. denied, 332 U. S. 756 (1944).) Thus comity does not here argue against exercise of the power which the Congress has conferred."

It is significant that the trial judge in his lengthy opinion (Appendix "B-1") cited the *Vanity Fair* and *Luft* cases, *supra*, on which petitioners have insistently relied, only in the paragraph reproduced above: that is, he held them inapplicable because of the absence of the fact which is now part of the record but was not before him—an adjudication in adversary proceedings in the foreign forum that defendants' Mexican registration is valid and superior to plaintiff's rights in Mexico.

made part of the record before said appellate court and are reprinted here as Appendix "D-1." In part the Mexican administrative agency stated:

> "From the foregoing it is deduced that Ramirez & Feraud Chili Co. has not shown a prior use in the Mexican Republic of the 'LAS PALMAS' mark which is registered in this Office under number 76068 in the name of Pablo Baca Gavaldon, whose nullification is requested, and inasmuch as none of the grounds alleged has been proven, it is not in order to declare said nullification, and therefore the same is denied."

The United States Court of Appeals for the Ninth Circuit nevertheless on July 9, 1957, affirmed the order of the District Court and for its opinion adopted the opinion of the District Court without more (Appx. "A-1").

Thereafter, on plaintiff's appeal in the Republic of Mexico from the aforesaid administrative ruling, the First District Court on Administrative Matters of the Republic of Mexico affirmed the ruling of the administrative agency. The opinion of this Mexican federal court was made part of the record before the United States Court of Appeals for the Ninth Circuit and is reprinted here as Appendix "D-2." Nevertheless said United States Court of Appeals on November 4, 1957, denied defendants' Petition for Rehearing without opinion.[6]

---

[6]Plaintiff has pursued its appeal in the Republic of Mexico to the Supreme Court of Mexico. At this writing that Court, which is the highest court in the Republic of Mexico, has not rendered any opinion in the matter. Should any ruling be made by the Supreme Court of Mexico prior to the disposition by this Court of this matter, petitioners will call said ruling to the attention of this Court. Compare *Steele v. Bulova Watch Co.*, 344 U. S. 280, 285 (1952).

ARGUMENT AMPLIFYING REASONS FOR THE WRIT.

I.

The Decision Below Is in Conflict With the Decision of the Court of Appeals for the Second Circuit on the Same Matter in Vanity Fair Mills v. T. Eaton Co., 234 F. 2d 633 (2d Cir. 1956), cert. den. 352 U. S. 871 (1956).

This case is now on all-fours with the *Vanity Fair* case, *supra*, even including the fact that one of the defendants is a foreign national, to whom a foreign sovereign in adversary proceedings has confirmed registration of the trade-mark in issue. (See also *George W. Luft Co. v. Zande Cosmetic Co.*, 142 F. 2d 536 (2d Cir. 1944), cert. den. 323 U. S. 756 (1944).)

The lengthy opinion of the Second Circuit in the *Vanity Fair* case reviews all the prior pertinent cases, including the most apposite opinion of this Court, *Steele v. Bulova Watch Co.*, 344 U. S. 280 (1952), on which the plaintiff here relied. The Court stated:

> "We do not think that the Bulova case lends support to the plaintiff; to the contrary, we think that the rationale of the Court was so thoroughly based on the power of the United States to govern 'the conduct of *its own citizens* upon the high seas or even in foreign countries *when the rights of other nations or their nationals are not infringed*,' that the absence of one of the above factors might well be determinative and that the absence of both is certainly fatal. . . . We conclude that the remedies provided by the Lanham Act, other than in Sec. 44, should not be given an extra-territorial application

against foreign citizens acting under presumably valid trade-marks in a foreign country." (234 F. 2d at 642-643; emphasis in original.)

(As to Section 44, the Court concluded, 234 F. 2d at 644, that the benefits there provided are also "limited in application to within the United States.")

The opinion of the Second Circuit in the *Vanity Fair* case sets out at elaborate length not only why the District Court did not have jurisdiction under the Lanham Act but also why, as a matter of comity, a United States District Court should not "take jurisdiction over that portion of [the] action turning on the validity or invalidity of defendant's [Mexican] trade-mark."

"In the first place, courts of one state are reluctant to impose liability upon a person who acts pursuant to a privilege conferred by the law of the place where the acts occurred. Restatement, Conflict of Laws, Sec. 382(2); Goodrich, Conflict of Laws Sec. 94 (1939). In the second place, it is well-established that the courts of one state will not determine the validity of the acts of a foreign sovereign done within its borders. Underhill v. Hernandez, 1897, 168 U. S. 250; American Banana Co. v. United Fruit Co., 1909, 213 U. S. 347; Ricaud v. American Metal Co., 1918, 246 U. S. 304; Banco de Espana v. Federal Reserve Bank, 2 Cir. 1940, 114 F. 2d 438; Bernstein v. Van Heyghen, Freres Societe Anonyme, 2 Cir. 1947, 163 F. 2d 246, cert. denied 332 U. S. 772; Pasos v. Pan American Airways, 2 Cir., 1956, 229 F. 2d 271. These precedents have not involved the acts of trademark officials of foreign countries, but their rationale would appear to extend to that situation." (234 F. 2d at 646.)

See also *George W. Luft v. Zande Cosmetic Co.*, 142 F. 2d 536 (2d Cir. 1944), cert. den. 323 U. S. 756 (1944). The Court concluded in the *Vanity Fair* case:

> "Were this merely a transitory tort action in which disputed facts could be litigated as conveniently here as in Canada, we would think the jurisdiction of the district court should be exercised. But we do not think it the province of United States district courts to determine the validity of trade-marks which officials of foreign countries have seen fit to grant. To do so would be to welcome conflicts with the administrative and judicial officers of the Dominion of Canada. We realize that a court of equity having personal jurisdiction over a party has power to enjoin him from committing acts elsewhere. But this power should be exercised with great reluctance when it will be difficult to secure compliance with any resulting decree or when the exercise of such power is fraught with possibilities of discord and conflict with the authorities of another country." (234 F. 2d at 647.)

The *Vanity Fair* case was decided after this Court's opinion in the *Bulova Watch* case. This Court denied certiorari in the *Vanity Fair* case. In the instant case the Court of Appeals for the Ninth Circuit has ruled directly contrary to the *Vanity Fair* case.

II.

The Decision Below Decides an Important Question of Federal Law Which Has Not Been, but Should Be, Settled by This Court.

In *Steele v. Bulova Watch Co.*, 344 U. S. 280 (1952), the decision of this Court was predicated upon the prior nullification by the Mexican courts of the defendant's registration of the allegedly infringing trade-mark. This Court stated:

> "The question, therefore, whether a valid foreign registration would affect either the power to enjoin or the propriety of its exercise is not before us." (344 U. S. at 289.)

At all times material here, including the time when the cause was before the District Court prior to the Mexican decisions which are reprinted in Appendices "D-1" and "D-2," petitioners have had a valid Mexican registration of the trade-mark "Las Palmas." The affirmation of petitioners' registration by the Mexican courts in adversary proceedings between these parties now merely makes the question reserved in the *Bulova Watch* case more obvious here. As shown in I above, the answer of the Ninth Circuit is in direct conflict with the answer given the same question by the Second Circuit. The answer of the Ninth Circuit is also in conflict with the most nearly applicable prior decisions of this Court. (*Underhill v. Hernandez*, 168 U. S. 250 (1897); *American Banana Co. v. United Fruit Co.*, 213 U. S. 347 (1909); *Ricaud v. American Metal Co.*, 246 U. S. 304 (1918).)

III.

By Refusing to Give Effect to the Decisions of the Mexican Courts Which Were Rendered Subsequent to the Granting of the Preliminary Injunction by the District Court, the Court of Appeals Departed From the Accepted and Usual Course of Judicial Proceedings in Reviewing an Equitable Decree.

The Mexican decisions subsequent to the decision of the District Court affirmed the validity of petitioners' Mexican registration of "Las Palmas" in adversary proceedings in the appropriate forum. This subsequent event should be determinative on appeal in a court of equity and in a matter where comity is at stake. (Compare *Steele v. Bulova Watch Co.*, 344 U. S. 280, 285, 289 (1952).) Otherwise the judgment of the Circuit Court also violates the rule that determination of an appeal in a court of equity should give effect to all facts relevant at the time of the determination of the appeal.

> "It is the case that is here now that must be decided, and it must be decided on the basis of the circumstances that exist now." (*Public Utilities Commission v. United Fuel Gas Co.*, 317 U. S. 456, 466 (1942).)

> ". . . the dominant principle is that nisi prius and appellate tribunals alike should conform their orders to the state law as of the time of the entry. Intervening and conflicting decisions will thus cause the reversal of judgments which were correct when entered." (*Vandenbark v. Owens-Illinois Co.*, 311 U. S. 538, 542-543 (1941).)

Conclusion.

Fundamental issues concerning the jurisdiction of the federal courts under the Lanham Act, the doctrine of comity, and the course of judicial proceedings on appellate review of preliminary injunctions are raised by this case. It is respectfully submitted that for the reasons stated above this Petition for a Writ of Certiorari should be granted.

Respectfully submitted,

BERNARD KRIEGEL,
MASON & HOWARD, and
PAUL P. SELVIN,
Attorneys for Petitioners.

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Supreme Court of the United States

October Term, 1957
No. 647

LAS PALMAS FOOD COMPANY, INC., a corporation; PABLO BACA GAVALDON and RALPH WORTHINGTON,

Petitioners,

vs.

RAMIREZ & FERAUD CHILI CO., a co-partnership,

Respondent.

APPENDICES
to
Petition for Writ of Certiorari to the United States Court of Appeals for the Ninth Circuit.

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APPENDIX A-1.

Opinion of the Court of Appeals for the Ninth Circuit [R. 91].

United States Court of Appeals for the Ninth Circuit.

Las Palmas Food Company, Inc., a Corporation; Pablo Baca Gavaldon and Ralph Worthington, Appellants, vs. Ramirez & Feraud Chili Co., a Co-Partnership Composed of Frank Feraud and E. C. Feraud, Appellees. No. 15,306.

July 29, 1957.

Appeal from the United States District Court for the Southern District of California, Central Division.

Before: Lemmon, Chambers, and Barnes, Circuit Judges. *Per curiam.*

All of the points relied upon for reversal on this appeal were ably considered and disposed of by the trial judge in his opinion reported at 146 Fed. Supp., page 594. We adopt it as our own. For the reasons therein stated, the judgment is Affirmed.

(Endorsed:) *Per Curiam* Opinion. Filed July 29, 1957.

Paul P. O'Brien, Clerk.

APPENDIX A-2.

Judgment of the Court of Appeals for the Ninth Circuit [R. 92].

United States Court of Appeals for the Ninth Circuit.

Las Palmas Food Company, Inc., a Corporation; Pablo Baca Gavaldon and Ralph Worthington, Appellants, vs. Ramirez & Feraud Chili Co., a Co-Partnership Composed of Frank Feraud and E. C. Feraud, Appellees. No. 15,306.

JUDGMENT.

Appeal from the United States District Court for the Southern District of California, Central Division.

This cause came on to be heard on the Transcript of the Record from the United States District Court for the Southern District of California, Central Division, and was duly submitted.

On consideration whereof, it is now here ordered and adjudged by this Court, that the judgment of the said District Court in this cause be, and hereby is affirmed.

(Endorsed) Judgment Filed and entered: July 29, 1957.

Paul P. O'Brien, Clerk.

APPENDIX B-1.

Memorandum of Decision.

United States District Court for the Southern District of California, Central Division.

Ramirez & Feraud Chili Co., a copartnership composed of Frank Feraud and E. C. Feraud, Plaintiff, vs. Las Palmas Food Company, Inc., a corporation, Pablo Baca Gavaldon, and Ralph Worthington, Defendants. No. 19355-WM.

Filed Nov. 8, 1956.

Appearances:

Messrs. Harris, Kiech, Foster & Harris, Ford Harris, Jr., Warren L. Kern, Walton Eugene Tinsley, Attorneys for Plaintiff.

Messrs. Mason & Howard, Paul P. Selvin, Attorneys for Defendants.

MATHES, District Judge:

By this action plaintiff seeks an injunction restraining further alleged infringement and unfair competition in the use of plaintiff's trade-mark and trade name "Las Palmas"; also three-fold damages and other equitable relief.

The original jurisdiction of this court is invoked under the Trade-Mark Act of 1946—the Lanham Act. [60 Stat. 427 (1946), 15 U. S. C. §§ 1051-1127; 28 U. S. C. § 1338 (a).] Pendent jurisdiction of related claims of unfair competition is invoked under 28 U. S. C. § 1338(b). [*Cf.* Hurn v. Oursler, 289 U. S. 238, 240-243, 248 (1933).]

Plaintiff has moved for a preliminary injunction [Fed. R. Civ. Proc., Rule 65], and defendants have interposed

a motion to dismiss for lack of jurisdiction over the subject matter or, in the alternative, for failure to state a claim upon which relief can be granted. [*Id.* Rule 12(b)(1), (6).] Both sides have filed affidavits and counter-affidavits in support of and in opposition to the motions.

Jurisdiction is the threshold issue in every case in the federal courts [Mansfield C. & L. M. Ry. v. Swan, 111 U. S. 379, 382 (1884)], so the first question is whether the facts exist "upon which the court's jurisdiction depends." [Fed. R. Civ. Proc., Rule 8(a); *cf.* Gibbs v. Buck, 307 U. S. 66 (1939).]

Diversity jurisdiction is not claimed; nor does the requisite diversity of citizenship exist. [Indianapolis v. Chase National Bank, 314 U. S. 63 (1941).] If plaintiff asserts an actionable claim under the Lanham Act for infringement or unfair competition in the use of a trade-mark or trade name, jurisdiction is expressly conferred upon this court "without regard to the amount in controversy or to diversity or lack of diversity of the citizenship of the parties." [15 U.S.C. § 1121.]

Upon a motion to dismiss for want of jurisdiction, the court may weigh affidavits and other evidence in determining the existence or non-existence of requisite jurisdictional facts. [Land v. Dollar, 330 U. S. 731, 735, note 4 (1947); see Fed. R. Civ. Proc., Rules 43(a)(e), 41(b), 52(a).]

Here all issues as to the jurisdictional facts can be resolved by weighing the affidavits along with the allegations of the verified amended complaint. [See Williams v. Minn. Min. & Mfg. Co., 14 F. R. D. 1 (S.D.Cal. 1953).]

The facts alleged in the amended complaint, and found to be true for the purposes of the pending motion to dismiss, are briefly these:

Plaintiff is owner of the valid and subsisting United States trade-mark "Las Palmas", which in 1940 was registered by plaintiff in the United States Patent Office under the Trade-Mark Act of 1905, and in 1949 republished under the Trade-Mark Act of 1946 pursuant to § 12c thereof. [15 U. S. C. § 1062(c).]

In 1954 the requisite affidavit was timely filed with the Commissioner of Patents, and thereupon plaintiff's registration of the trade-mark "Las Palmas" became incontestable by virtue of § 15 of the Act. [*Id.* § 1065.] Plaintiff's registrations of the mark in the United States are No. 379,295 and No. 582,054.

Plaintiff adopted and has long used the registered trademark "Las Palmas" for various canned Spanish foods and sauces. Since 1922 plaintiff has employed the mark in the sale of such goods in local and interstate commerce within the United States; and since 1948 in foreign commerce between the United States and the Republic of Mexico.

These food products have been advertised for the past thirty years in the United States, and for the past five years in Mexico. As a result of advertising and sales in the United States and Mexico, plaintiff has developed a valuable good will associated with the trade-mark and trade name "Las Palmas" and plaintiff's label as well, both in this country and in Mexico, and more especially in the border towns of Baja California, such as Mexicali, Tijuana and Ensenada.

When in 1953 defendant Las Palmas Food Company, Inc., was incorporated as a California corporation, with

a place of business at Los Angeles in this District, defendant Worthington, an American citizen and resident of this District, chose the name Las Palmas with full knowledge of plaintiff's registered United States trade-mark and with the intention of appropriating the good will associated with that mark and that name. Defendant Gavaldon, a citizen of Mexico and resident of this District, and a former customer of plaintiff, also had knowledge of plaintiff's prior use of the mark and name and of the good will associated with both mark and name.

Later in 1953, for the purpose of appropriating to themselves plaintiff's good will in the "Las Palmas" trade-mark in Mexico, defendants caused to be filed an application to register the trade-mark in Mexico under the name of Fernando de La Pena of Tijuana, Baja California, Mexico; which registration issued under No. 76,068 on October 28, 1953, and was thereafter assigned to defendant Gavaldon.

In 1955, using plaintiff's label as a model, defendants caused to be printed within this District a "Las Palmas" label for chili sauce which embodies not only the identical trade-mark, but also the exact colors of plaintiff's label and the same format, style of printing and similar layout and design; and is in effect a deliberate counterfeit of plaintiff's label.

Quantities of this counterfeit label, and of cans and cartons as well, all procured within the territorial jurisdiction of this court, were transported by defendants across the border into Mexico, and defendants then commenced to pack in Mexico a red chili sauce, in cans identical in size and shape to plaintiff's and bearing the counterfeit label with the "Las Palmas" trade-mark; and thereafter sold this product in Mexico, particularly in border

towns such as Tijuana and Mexicali, where plaintiff's "Las Palmas" red chili sauce is popular.

It has long been the practice of persons of Mexican origin or descent residing in the border cities on the American side, such as Calexico and San Diego in California, to purchase many of their groceries, including plaintiff's "Las Palmas" products, in the corresponding Mexican border cities of Mexicali and Tijuana, and freely to carry such groceries back to their homes in the United States, where such food products are consumed.

In the language of plaintiff's complaint, "such United States residents or citizens, or some of them, have been deceived in Mexico by defendants' spurious 'Las Palmas' products and have carried such spurious products back into the United States for consumption, and there is a substantial likelihood that such purchasers, buying defendants' spurious products in Mexico, will be confused and misled into believing they are buying plaintiffs' product; and plaintiff's good will in the United States is thereby placed in jeopardy of any inferiority or impurity in the defendants' spurious product."

Defendants' products are produced and canned in Mexico under comparatively unsanitary conditions, and are inferior in quality to plaintiff's products.

On or about August 30, 1955, defendant Las Palmas Food Company, Inc. sent letters by interstate and foreign mail from Los Angeles in this District, addressed to each of plaintiff's brokers and wholesalers in the United States and Mexico, declaring defendant corporation to be the exclusive owner in Mexico of the "LAS PALMAS" trademark and asserting that any exportation to Mexico of plaintiff's products bearing the trade-mark "LAS PALMAS" would be an infringement of defendants' trade-mark registered in Mexico.

This letter was false in at least two particulars: first, in the unqualified assertion that exportation of plaintiff's "LAS PALMAS" products to Mexico would be an infringement of defendants' mark in Mexico, since the trade-mark laws of Mexico recognize the rights of a prior user in Mexico and provide for the cancellation of a later user's trade-mark upon a prior user's application [Mexican Law of Industrial Property, Regulations and Tariff of Fees (published in Dario Oficial of December 31, 1942) Title III, Trademarks, Ch. I, Articles 99, 100, Ch. IX, Articles 200, 201, 208]; and second, in the assertion that defendant corporation, rather than defendant Gavaldon, was the owner of the "LAS PALMAS" trade-mark registration in Mexico.

As a result of this letter, plaintiff's reputation and good will has suffered among the wholesalers and brokers who formerly purchased plaintiff's products for shipment to and resale in Mexico, and purchases of plaintiff's products in the United States by these buyers have been drastically reduced.

Plaintiff has now filed a petition to cancel defendant Gavaldon's registration of the trade-mark "LAS PALMAS" under the laws of Mexico. However, such cancellation proceedings normally require at least one year before a final determination can be reached. As a result, plaintiff cannot obtain in Mexico timely relief against defendants, and is suffering and will continue to suffer irreparable injury until final determination of the cancellation proceedings in Mexico, unless defendants are restrained by this court.

Comprehensive statutory remedies are provided in the Lanham Act "for infringement of marks". [See 15 U. S. C. §1126(h); S. C. Johnson & Son v. Johnson, 175

F. 2d 176 (2d Cir.), cert. denied, 338 U. S. 860 (1949).] These statutory remedies include broad injunctive relief, as well as damages, for infringement and for unfair competition in the use of any registered mark. [15 U. S. C. §§1114, 1116-1119.] These federal remedies are, by the terms of the statute [*ibid.*], limited to marks that are registered under the Act; and "mark" is defined as including, unless the contrary is plainly apparent from the context, "any trade-mark, service mark, collective mark, or certification mark entitled to registration . . ." [*Id.* §1127.]

The Act also gives to "citizens or residents of the United States" [*id.* §1126(i)] owing "trade names or commercial names" [*id.* §§1126(g), 1127], "whether or not they form parts of marks" [*id.* §1126(g)], and whether such names be anywhere registered or unregistered [*id.* §1126(a), (g)], a federal cause of action for unfair competition in the use of such names, with the same remedies as provided in the Act for infringement of registered marks [*cf.* Hodgson v. Fifth Ave. Plastics, 94 F. Supp. 160 (S. D. N. Y. 1950)], "available so far as they may be appropriate in repressing acts of unfair competition" in the use of such names. [15 U. S. C. §1126(h).]

Accordingly it is held that the Lanham Act creates a federal cause of action for infringement of marks registered under the Act [S. C. Johnson & Son v. Johnson, *supra*, 175 F. 2d at 178], and for unfair competition in the use of registered marks and trade and commercial names as well. [Pagliero v. Wallace China Co., 198 F. 2d 339 (9th Cir. 1952); In re Lyndale Farm, 186 F. 2d 723 (C. C. P. A. 1951); Stauffer v. Exley, 184 F. 2d 962 (9th Cir. 1950); Old Reading Brewery v. Lebanon

Valley Brewing Co., 102 F. Supp. 434, 437-438 (M. D. Pa. 1952); see Time, Inc. v. T.I.M.E. Inc., 123 F. Supp. 446 (S. D. Cal. 1954).]

Defendants contend, however, that their conduct of which plaintiff complains is not within the reach of the Lanham Act.

In the exercise of authority constitutionally delegated, the Congress wields the power of the nation as sovereign. Inherent in national sovereignty is the power to regulate the conduct of citizens or nationals abroad; a power which rests upon the allegiance owed to this country by every citizen and national. [Blackmer v. United States, 284 U. S. 421, 436-437 (1932); Cook v. Tait, 265 U. S. 47 (1924); United States v. Bowman, 260 U. S. 94 (1922); *cf.* Johnson v. Eisentrager, 339 U. S. 763, 769 (1950).]

Also inherent in national sovereignty is the power to impose, even upon foreigners owing no allegiance, liability for acts done abroad which proximately cause damage within the territorial limits of the sovereign. [United States v. Sisal Sales Corp., 274 U. S. 268, 276 (1927); Thomsen v. Cayser, 243 U. S. 66, 88 (1917); United States v. Aluminum Co. of America, 148 F. 2d 416 (2d Cir. 1945).]

So the problem at bar, as in Steele v. Bulova Watch Co., 344 U. S. 280 (1952), is not one of finding requisite Congressional power to confer jurisdiction, but one of finding requisite Congressional intent. As Mr. Chief Justice Hughes put it in Blackmer v. United States, *supra*: "While the legislation of the Congress, unless the contrary intent appears, is construed to apply only within the territorial jurisdiction of the United States, the question of its application, so far as citizens of the United States

in foreign countries are concerned, is one of construction, not of legislative power." [284 U. S. at 437.]

Inasmuch as "the general and almost universal rule is that the character of an act as lawful or unlawful must be determined wholly by the law of the country where the act is done", all legislation is properly deemed "prima facie territorial." [American Banana Co. v. United Fruit Co., 213 U. S. 347, 356-357 (1909); and see Foley Bros. v. Filardo, 336 U. S. 281, 285 (1949); *cf.:* Cuba R. R. v. Crosby, 222 U. S. 473, 479 (1912); Slater v. Mexican National R. R., 194 U. S. 120, 126 (1904).]

It was the Congressional will to occupy the field with respect to claims arising from infringement of and unfair competition in the use of registered trade-marks and other marks defined in the Act, as well as trade names and commercial names [15 U. S. C. §§1126(g)(i), 1127], to the extent of Federal power under the Commerce Clause [U. S. Const. Art. I, § 8, cl. 3], as plainly appears from the statutory declaration that:

"The intent of this chapter is to regulate commerce within the control of Congress by making actionable the deceptive and misleading use of marks in such commerce; . . . to protect persons engaged in such commerce against unfair competition; to prevent fraud and deception in such commerce by the use of reproductions, copies, counterfeits, or colorable imitations of registered marks; and to provide rights and remedies stipulated by treaties and conventions respecting trade-marks, trade names, and unfair competition entered into between the United States and foreign nations." [15 U. S. C. § 1127; see Senate Rep. No. 1333, U. S. Code Cong. Serv., 79th Cong., 2d Sess. 1274-1278 (1946); *cf.:* U. S. Printing & Lithograph Co. v. Griggs, Cooper & Co., 279 U. S. 156, 158 (1929);

Dad's Root Beer Co. v. Doc's Beverages, 193 F. 2d 77, 81-82 (2d Cir. 1951).]

The Congressional intent was thus expressed to extend the Lanham Act to the limits of authority constitutionally delegated—to all "commerce within the control of Congress". [15 U. S. C. § 1127.]

"Commerce within the control of Congress" expressly includes all "Commerce with foreign Nations, and among the several States" [U. S. Const. Art. I, §8, cl. 3], and may be said to exclude only such conduct as does not substantially affect interstate or foreign commerce. [U. S. Printing & Lithograph Co. v. Griggs, Cooper & Co., *supra*, 279 U. S. at 158; Warner v. Searle & Hereth Co., 191 U. S. 195, 206 (1903); Trade-Mark Cases, 100 U. S. 82, 96 (1879).]

The Congress having elected to exercise the sovereign power of the nation in this field to the extent of authority delegated under the Constitution, and having chosen to effectuate this intent through jurisdiction conferred upon the federal courts [15 U. S. C. § 1121], jurisdiction in the sense of power is here present. [Steele v. Bulova Watch Co., *supra*, 344 U. S. at 287; *cf.*: The Fair v. Kohler Die Co., 228 U. S. 22, 25 (1913); Fauntleroy v. Lum, 210 U. S. 230, 234-235 (1908); The Resolute, 168 U. S. 437, 439 (1897).]

In Steele v. Bulova Watch Co., *supra*, as Mr. Justice Clark points out, unfair trade practices were committed by an American citizen in Mexico; "trade practices which radiate unlawful consequences here." [344 U. S. at 288.] So in the case at bar.

The Court found federal jurisdiction of the subject matter in Steele, even though the acts done in the United

States "when viewed in isolation do not violate any of our laws." [344 U. S. at 287.] By contrast, the acts of defendants at bar, in causing to be introduced into "commerce" within the United States counterfeits of plaintiff's registered mark on labels, procured by defendants to be printed within the United States and "intended to be used upon . . . goods", are acts which do violate our laws. [15 U. S. C. § 1114(1).]

Section 1114 of Title 15 provides in part that "Any person who shall, in commerce . . . (b) reproduce, counterfeit, copy, or colorably imitate any . . . [registered] mark and apply such reproduction, counterfeit, copy, or colorable imitation to labels, . . . packages, wrappers, receptacles, or advertisements intended to be used upon or in connection with the sale in commerce of . . . goods . . . shall be liable to a civil action by the registrant for any or all of the remedies hereinafter provided . . . except that . . . the registrant shall not be entitled to recover profits or damages unless the acts have been committed with knowledge that such mark is intended to be used to cause confusion or mistake or to deceive purchasers." [15 U. S. C. § 1114(1)(b).]

Thus the case at bar has a jurisdictional base equal to Steele and more; for here there are not only unfair trade practices committed by an American citizen in Mexico "which radiate unlawful consequences here", but also acts committed in the United States which clearly violate the Lanham Act.

Defendants urge, nevertheless, that even though this court may have the power to grant the relief plaintiff prays, the court should abstain from exercising that power because to do so would offend the sovereignty of the Republic of Mexico. This is so, defendants contend,

because the registration by defendants in Mexico of their counterfeited copy of plaintiff's trade-mark is presumably valid under Mexican law until cancelled.

This argument raises questions of policy or comity; considerations that rule whether jurisdictional power, conceded to exist, should be exercised in a given case. This problem was not before the Supreme Court in Steele, since by the time the case was reached Mexico had nullified Steele's spurious Mexican registration of the long-standing Bulova mark.

But the problem was before the Court of Appeals for the Fifth Circuit when the Steele case was decided there, and Judge Rives' well reasoned opinion could well serve as a complete answer to the questions raised here. [Bulova Watch Co. v. Steele, 194 F. 2d 567 (5th Cir. 1952).]

Although plaintiff at bar has filed proceedings in Mexico to cancel or nullify the registration by defendants of plaintiff's mark there, it is conceded that one year or more must pass before plaintiff can expect a final determination of this application.

Meantime, as defendants point out, this court must assume the registration of plaintiff's mark by defendants in Mexico to be valid there. So to assume does not necessarily mean however that exercise of this court's jurisdiction to grant the relief plaintiff seeks "would impugn foreign law" or be an "interference with the sovereignty of another nation." [344 U. S. at 289.]

For at the most defendant's Mexican registration of plaintiff's mark can have no greater effect than to confer upon defendants a license or permission to use the mark in Mexico. It is not even contended that any public policy of Mexico requires defendants ever to exercise that license.

So there could be no affront to Mexican sovereignty or Mexican law if, as between the parties, this court should declare that defendants may not so use their license under Mexican law as to injure plaintiff's foreign commerce conducted from the United States. [United States v. Sisal Sales Co., *supra*, 274 U. S. at 276; RESTATEMENT, CONFLICT OF LAWS §§ 377, 80, 63.]

It should perhaps be emphasized that plaintiff does not seek a determination that any act of a foreign sovereign is invalid. [*Cf.*: American Banana Co. v. United Fruit Co., *supra*, 213 U. S. at 358; Bernstein v. Van Heyghen, 163 F. 2d 246, 249 (2d Cir.), cert. denied, 332 U. S. 772 (1947); Banco de Espana v. Federal Reserve Bank, 114 F. 2d 438, 443 (2d Cir. 1940).] Nor does plaintiff ask this court to negate something that has already been determined in adversary proceedings between the parties at bar in a foreign forum. [*Cf.* Vanity Fair Mills v. T. Eaton Co., 234 F. 2d 633, 646-647 (2d Cir.), cert. denied, 352 U. S. 633 (Oct. 15, 1956); Geo. W. Luft Co. v. Zande Cosmetic Co., 142 F. 2d 536, 540 (2d Cir.), cert. denied, 323 U. S. 756 (1944).] Thus comity does not here argue against exercise of the power which the Congress has conferred.

Neither does policy dictate that this court should disavow or decline jurisdiction in favor of another forum. Indeed, the Senate Committee reporting upon the Lanham Act declared that "when it is considered that the protection of trade-marks is merely protection to goodwill, to prevent diversion of trade through misrepresentation, and the protection of the public against deception, a sound public policy requires that trade-marks should receive nationally the greatest protection that can be given them." [U. S. Code Cong. Serv., 79 Cong. 2d Sess. 1277 (1946).]

And to effectuate this "sound public policy", despite possible injury to the commerce of a foreign country, the Act even provides that: "No article of imported merchandise which shall copy or simulate the name of . . . any domestic . . . manufacturer, or trader, . . . or which shall copy or simulate a trade-mark registered in accordance with the provisions of this chapter . . . shall be admitted to entry at any customhouse of the United States . . ." [15 U. S. C. § 1124.]

It is borne in mind that although the Lanham Act gives a federal cause of action for infringement of and for unfair competition in the use of registered "marks" [15 U. S. C. §§ 1126(h), 1114-1120], and provides like remedies for unfair competition in the use of "trade names" or "commercial names" [*id.* § 1127], "whether or not they form parts of marks" [*id.* § 1126(g)], and regardless of whether such names be anywhere registered [*id.* § 1126(a), (g)], no federal cause of action is given by the Act for unfair competition generally. [L'Aiglon Apparel v. Lana Lobell, Inc., 214 F. 2d 649 (3d Cir. 1954); American Auto Assn. v. Spiegel, 205 F. 2d 771 (2d Cir. 1952); cf: Pagliero v. Wallace China Co., *supra*, 198 F. 2d 339; Stauffer v. Exley, *supra*, 184 F. 2d 962; see Panaview Door & Window Co. v. Van Ness, 124 F. Supp. 329 (S. D. Cal. 1954); Haeger Potteries v. Gilner, 123 F. Supp. 261 (S. D. Cal. 1954).]

Hence it is that, for jurisdiction over the alleged acts of unfair competition not involving the use in "commerce" of the registered trade-mark or the trade name, resort must be had to the pendent-jurisdiction statute which plaintiff here invokes.

The pendent-jurisdiction statute [28 U. S. C. § 1338 (b)], necessarily presupposes a claim of unfair com-

petition arising otherwise than "under the copyright, patent or trade-mark laws" since, unless so interpreted, § 1338(b) would confer no jurisdiction additional to that already conferred by § 1338(a) and so would be mere surplusage. See: L'Aiglon Apparel, Inc. v. Lana Lobell, Inc., *supra*, 214 F. 2d at 649; Armstrong Paint & Varnish Works v. Nu-Enamel Corp., 305 U. S. 315, 324-325 (1938); Hurn v. Oursler, *supra*, 289 U. S. at 240-243, 248; Stark Bros. Nurseries & Orchards Co. v. Stark, 255 U. S. 50 (1921); Musher Foundation v. Alba Trading Co., 127 F. 2d 9 (2d Cir.), cert. denied, 317 U. S. 641 (1942); Pure Oil Co. v. Puritan Oil Co., 127 F. 2d 6 (2d Cir. 1942); Bulova Watch Co. v. Stolzberg, 69 F. Supp. 543 (D. Mass. 1947); Reviser's Note to § 1338(b), 28 U. S. C.

In a case where diversity of citizenship exists, pendent jurisdiction under 28 U. S. C. § 1338(b) adds nothing to, and fully coincides with diversity jurisdiction under 28 U. S. C. § 1332, but for the jurisdictional-amount requirement of § 1332 which is entirely absent from both § 1338(b) and the Lanham Act. [15 U. S. C. § 1121; see: Fashion Originators' Guild v. Federal Trade Commission, 312 U. S. 457, 468 (1941); Cities Service Oil Co. v. Dunlap, 308 U. S. 208 (1939); Ruhlin v. N. Y. Life Ins. Co., 304 U. S. 202, 205 (1938); Rice & Adams Corp. v. Lathrop, 278 U. S. 509, 515 (1929); Bell v. Hood, 71 F. Supp. 813, 817-821 (S. D. Cal. 1947).]

Pendent jurisdiction under § 1338(b) is properly invoked therefore whenever necessary to sustain federal jurisdiction of a cause of action for unfair competition arising under state law, here the law of California. [See Developments in the Law—Trade-Marks and Unfair Competition, 68 Harv. L. Rev. 814, 884-85 (1955).]

It follows then that the equity jurisdiction of this court is properly invoked in the case at bar under the Lanham Act and 28 U. S. C. § 1338(b). [*Cf.* Briggs v. United Shoe Machinery Co., 238 U. S. 48, 50 (1915).]

Equity jurisdiction as conferred by the Constitution on the federal courts imposes the duty to adjudicate in keeping with the equitable rules and principles recognized by the Court of Chancery in England at the time our Constitution was formed. [Atlas Life Ins. Co. v. W. I. Southern Inc., 306 U. S. 563, 568 (1939).]

Always to be heeded is the admonition of Giles v. Harris, 189 U. S. 475 (1903) that: "In determining whether a court of equity can take jurisdiction, one of the first questions is what it can do to enforce any order that it may make." [189 U. S. at 487.]

To borrow the words of Mr. Justice Clark in Steele v. Bulova Watch Co., *supra*, 344 U. S. at 289: "Where, as here, there can be no interference with the sovereignty of another nation, the District Court in exercising its equity powers may command persons properly before it to cease or perform acts outside its territorial jurisdiction." [New Jersey v. New York, 283 U. S. 474 (1931); Massie v. Watts, 6 U. S. (Cranch) 148 (1810); The Salton Sea Cases, 172 F. 792 (9th Cir. 1909); *cf.* United States v. National Lead Co., 332 U. S. 319, 351-352, 363 (1947).]

As explained in Phelps v. McDonald, 99 U. S. 298 (1878): "Where the necessary parties are before a court of equity, it is immaterial that the *res* of the controversy, whether it be real or personal property, is beyond the territorial jurisdiction of the tribunal. It has the power to compel the defendant to do all things necessary, according to the *lex loci rei sitae*, which he could do voluntarily, to give full effect to the decree against him . . .

Without regard to the situation of the subject-matter, such courts consider the equities between the parties, and decree *in personam* according to those equities, and enforce obedience to their decrees by process *in personam.*" [99 U. S. at 308.]

Turning now to the equities. Here defendants are not merely using plaintiff's mark, but are using it as a part of a counterfeit of plaintiff's label placed on the same size cans as used by plaintiff.

Unfair competition in the use of a registered mark or a trade name in "commerce" under the Act consists in any use intended or likely "to cause confusion or mistake or to deceive purchasers as to the source of origin of . . . goods or services . . ." [15 U. S. C. § 1114(1)(a).] This in essence is the common-law concept of unfair competition as applied to the use of trade-marks and trade names. [*Cf.* American Steel Foundries v. Robertson, 269 U. S. 372, 380-384 (1926); Hanover Star Milling Co. v. Metcalf, 240 U. S. 403, 412-413 (1916); Elgin National Watch Co. v. Illinois Watch Case Co., 179 U. S. 665, 673-674 (1901); 3 RESTATEMENT, TORTS §§ 708-656 (1938).]

Since the profit motive prompts competition which the policy of the law encourages to sustain our system of free enterprise, there is rational basis for holding that the newcomer, by copying the first comer's product, admits it to be more readily marketable. [Straus v. Notaseme Co., 240 U. S. 179, 181 (1916).] And in the absence of evidence to the contrary, there is rational basis for the added inference that the latter can more readily market copies of the former's product because the consuming public is confused into believing that the copies are the first comer's product. [National Van Lines v. Dean, ... F. 2d

..... (9th Cir. Oct. 18, 1956); American Chicle Co. v. Topps Chewing Gum, 208 F. 2d 560, 563 (2d Cir. 1953); 3 RESTATEMENT, TORTS § 708, comments c and d; id. § 729, comment f (1938); *cf.* United States v. Ross, 92 U. S. 281, 283-284 (1875); Hunter v. Shell Oil Co., 198 F. 2d 485, 490 (5th Cir. 1952); E. K. Wood Lumber Co. v. Anderson, 81 F. 2d 161, 166 (9th Cir.), cert denied, 297 U. S. 723 (1936); 1 WIGMORE, EVIDENCE §§ 26, 41 (3d ed. 1940).]

By a confusion of source and origin, a bald attempt is here made to secure for defendants' goods some of the good will, advertising and sales stimulation built by plaintiff.

Copying of the trade-mark and trade name, in addition to the label of another, as defendants are doing in precise detail as to design, shape and color, is difficult to justify in any case. And where as here myriad variations are available to the misappropriator, the case is mildly put by saying his very act of copying strongly impels the inference that he intends to reap commercial gain by trading on the good will of the first comer. [National Lead Co. v. Folfe, 223 F. 2d 195, 202 (9th Cir.), cert. denied, 350 U. S. 883 (1955); American Chicle Co. v. Topps Chewing Gum, *supra*, 208 F. 2d at 562-563; 3 RESTATEMENT, TORTS § 729(b), comment f (1938); 67 Harv. L. Rev. 1090 (1954).]

The tendency of the law is "in the direction of enforcing increasingly higher standards of fairness or commercial morality in trade." [Ross-Whitney Corp. v. Smith Kline & French Lab., 207 F. 2d 190, 196, n. 17 (9th Cir. 1953); Q-Tips, Inc. v. Johnson & Johnson, 206 F. 2d 144, 145 (3d Cir. 1953); 3 RESTATEMENT, TORTS § 540 (1938).]

Our moral standards are well sustained and the public interest in free competition is advanced, where a court of equity forbids the immoral act of misappropriation by exact copying of the goods or services of another. [*Cf.* International News Service v. Associated Press, 248 U. S. 215, 236, 239-240, 246-248, 258-262 (1918); Briddell v. Alglobe Trading Corp., 194 F. 2d 416, 421-422 (2d Cir. 1952) (Judge Clark dissenting).]

The "slavish" copying of features not necessary to be reproduced in order to produce an article in commercial competition is a sheer piracy which is clearly without moral justification, is parasitic in nature, does nothing to advance any system of free enterprise, and should be held an unfair trade practice without legal justification. [See 3 RESTATEMENT, TORTS, Confusion of Source, Introductory Note, pp. 537-540; *id.* § 711; *id.* Imitation of Appearance, Introductory Note, p. 622; *id.* § 729, comment f; *id.* § 641, comment j (1938); *cf.* Electric Auto-Lite Co. v. P & D Mfg. Co., 109 F. 2d 566 (2d Cir. 1940); Cheney Bros. v. Doris Silk Corp., 35 F. 2d 279 (2d Cir. 1929), cert. denied, 281 U. S. 728 (1930).]

The trade-mark and name here, in the words of Mr. Justice Holmes, "stakes the reputation of the plaintiff upon the character of the goods. It deals with a delicate matter that may be of great value but that easily is destroyed, and therefore should be protected with corresponding care." [Bourjois & Co. v. Katzel, 160 U. S. 689, 692 (1923).]

Section 14400 of the Business and Professions Code of California provides with respect to ownership of a trade name, as does § 14270 with respect to ownership of a trade-mark, that: "Any person who has first adopted and used a trade-name, whether within or beyond the

limits of this State, is its owner." [See Stork Restaurant v. Sahati, 166 F. 2d 348, 352-353 (9th Cir. 1948); *cf.* Pagliero v. Wallace China, Co., *supra*, 198 F. 2d at 341. 344; Stauffer v. Exley, *supra*, 184 F. 2d at 963.]

Section 3369 of the Civil Code of California provides in part that: "Any person performing or proposing to perform an act of unfair competition within this State may be enjoined in any court of competent jurisdiction . . . as used in this section, unfair competition shall mean and include unfair or fraudulent business practice and unfair, untrue or misleading advertising . . ."

Use of the phrase "shall mean and include" indicates that the statutory definition was not intended to be restrictive or exclusive. [Athens Lodge No. 70 v. Wilson, 117 Cal. App. 2d 322, 255 P. 2d 482 (1953).] It is left to the courts to determine what conduct amounts to unfair competition in a particular case; the test question always is whether the public is likely to be deceived. [Schwartz v. Slenderella Systems of California, 43 Cal. 2d 107, 271 P. 2d 857 (1954); American Philatelic Society v. Claibourne, 3 Cal. 2d 689, 697-698, 46 P. 2d 135 (1935); MacSweeney Enterprises, Inc. v. Tarantino, 106 Cal. App. 2d 504, 235 P. 2d 206 (1951); and see Netterville, California Law of Unfair Competition: Unprivileged Imitation, 28 So. Cal. L. Rev. 240 (1955).]

Wholly apart from any unfair use of a trade-mark or trade name, the copying or simulation of an article such as plaintiff's label here, where the effect thereof is to appropriate another's trade, will be enjoined by the California courts. So with the sending of unfair communications to the trade. [Banzhaf v. Chase, 150 Cal. 180, 183, 88 P. 704 (1907); Weinstock, Lubin & Co. v. Marks, 109 Cal. 529, 539-540, 42 P. 142, 145-146 (1895); McCord

Co. v. Plotnick, 108 Cal. App. 2d 392, 239 P. 2d 32 (1951); Grant v. California Bench Co., 76 Cal. App. 2d 706, 708, 173 P. 2d 817, 818 (1949).]

Hence it is unnecessary now to specify precisely where coverage of the Lanham Act ends and that of California law begins with respect to plaintiff's label in the case at bar. It suffices that together the Lanham Act and the law of California operate to proscribe all the acts of unfair competition of which plaintiff complains.

For the reasons stated, defendants' alternative motions to dismiss must be denied.

To the extent not conceded, the facts in the case at bar are established interlocutorily upon the record, substantially as alleged in the amended complaint. [City of Hammond v. Schappi Bus Line, 275 U. S. 164, 172 (1927).]

Accordingly plaintiff's motion for a preliminary injunction will be granted to the extent that, upon the filing by plaintiff with the Clerk of a bond or undertaking in the penal sum of $10,000, with good and sufficient surety approved as provided by local rule 8, and conditioned as required by Rule 65 of the Federal Rules of Civil Procedure, a writ of injunction shall issue, in the form and scope provided by Rule 65, enjoining and restraining the defendants and all persons referred to in Rule 65(c), pending the hearing and determination of this action or until further order of court, as follows:

(1) From using or employing, directly or indirectly in any way or manner, the trade-mark "LAS PALMAS", or any colorable imitation thereof, on or in connection with any sale, distribution, promotion, advertising for sale, or display, in either the United States or the

Republic of Mexico, of any red chili sauce, or of any other Spanish-type foods or condiments which are like or closely related to any now manufactured or offered for sale by plaintiff;

(2) From aiding or participating, directly or indirectly in any way or manner, in any sale, distribution, promotion, advertising for sale, or display, in either the United States or the Republic of Mexico, of any red chili sauce, or of any other Spanish-type foods or condiments like or closely related to any now manufactured or offered for sale by plaintiff, labeled with the trade-mark "LAS PALMAS", or any colorable imitation thereof, or with any other mark or label confusingly similar to plaintiff's label;

(3) From representing, either orally or in writing, to any other person not a party to this suit, that the exportation to the Republic of Mexico, or the sale or distribution therein, of "LAS PALMAS" brand products manufactured or sold by plaintiff constitutes an infringement or other violation of any rights of defendants, or any of them; and

(4) From impeding or interfering with, directly or indirectly in any way or manner, plaintiff's endeavors to gather evidence or testimony from plaintiff's wholesalers or distributors in the Republic of Mexico and, in particular, from urging or inducing, or in any way or manner attempting to induce, any of plaintiff's wholesalers or distributors to refuse to supply affidavits or testimony respecting plaintiff's use of the "LAW PALMAS" trade-mark in the Republic of Mexico.

In order further to preserve pendents lite the *status quo ante*, defendants willl be further restrained, pending the hearing and determination of this cause or until further order of court, from in any way or manner trans-

ferring or encumbering any right, title or interest in the Mexican trade-mark registration in question or any good will associated therewith in the Republic of Mexico, or the assets of that portion of the business of defendants, or any of them, in which is employed the trade-mark "LAS PALMAS" of Mexican registration, including specifically unused labels, signs, prints, packages, wrappers, receptacles, and advertisements, bearing the trade-mark "LAS PALMAS" thereon. [*Cf.* United States v. United Mine Workers, 330 U. S. 258, 289-294 (1947); United States v. Shipp, 203 U. S. 563, 573 (1906).]

APPENDIX B-2.

Writ of Preliminary Injunction of the United States District Court for the Southern District of California, Central Division [R. 76].

In the United States District Court, Southern District of California, Central Division. Civil Action No. 19355-WM.

Ramirez & Feraud Chili Co., a Co-Partnership Composed of Frank Feraud and E. C. Feraud, Plaintiff, vs. Las Palmas Food Company, Inc., a Corporation; Pablo Baca Gavaldon, and Ralph Worthington, Defendants.

WRIT OF PRELIMINARY INJUNCTION

The President of the United States

To Las Palmas Food Company, Inc., a Corporation; Pablo Baca Gavaldon, and Ralph Worthington, Their Officers, Agents, Servants, Employees, and Attorneys:

Whereas, by order on plaintiff's motion of May 25, 1956, for preliminary injunction, filed July 27, 1956, it appears that it was ordered that a preliminary injunction issue restraining defendants, Las Palmas Food Company, Inc., a Corporation, Pablo Baca Gavaldon, and Ralph Worthington, and each of them, [133] their officers, agents, servants, employees, and attorneys, and those acting in concert or participation with them, or any of them, who receive actual notice of such injunction, by personal service or otherwise, pending the hearing and determination of this action or until further order of Court, from infringing plaintiff's trade-mark "Las Palmas" and/or competing unfairly with plaintiff, and specifically:

(a) From using or employing, directly or indirectly, in any way or manner, the trade-mark "Las Palmas," or any colorable imitation thereof, on or in connection with any sale, distribution, promotion, advertising for sale, or display, in either the United States or the Republic of Mexico, of any red chili sauce, or of any other Spanish-type foods or condiments which are like or closely related to any now manufactured or offered for sale by plaintiff;

(b) From aiding or participating, directly or indirectly, in any way or manner, in any sale, distribution, promotion, advertising for sale, or display, in either the United States or the Republic of Mexico, of any red chili sauce, or of any other Spanish-type foods or condiments like or closely related to any now manufactured or offered for sale by plaintiff, labeled with the trade-mark "Las Palmas," or any colorable imitation thereof, or with any other mark or label confusingly similar to plaintiff's label, Exhibit A, annexed to the amended complaint on file herein;

(c) From impeding or interfering, directly or indirectly, in any way or manner, with plaintiff's endeavors to gather evidence or testimony from plaintiff's wholesalers or distributors in the Republic of Mexico and, in particular, from urging or inducing or in any way or manner attempting to induce, any of plaintiff's wholesalers or distributors to refuse to supply affidavits or testimony respecting plaintiff's use of the "Las Palmas" trade-mark in the Republic of Mexico; [134]

(d) From representing, either orally or in writing, to any other person not a party to this suit, that the exportation to the Republic of Mexico, or the sale or distribution therein, of "Las Palmas" brand products manufactured or sold by plaintiff constitutes an infringement or other violation of any rights of defendants, or any of them; and

(e) From selling, assigning, transferring, or conveying or encumbering any right, title, or interest of defendants, or any of them, in and to:

(i) Mexican trade-mark registration No. 76,068, or any good will associated therewith in Mexico, and/or

(ii) Certain physical assets of that portion of the business of defendants, or any of them, in which is employed the trade-mark "Las Palmas," registered in Mexico as aforesaid, and specifically, unused labels, signs, prints, packages, wrappers, receptacles, and advertisements bearing the trade-mark "Las Palmas" thereon;

Now, Therefore, we do hereby command and strictly enjoin you, Las Palmas Food Company, Inc., Pablo Baca Gavaldon, and Ralph Worthington, and each of you, your officers, agents, servants, employees, and attorneys, and those acting in concert or participation with you, or any of you, who receive actual notice of this injunction, by personal service or otherwise, pending the hearing and determination of this action or until further order of Court, from infringing plaintiff's trade-mark "Las Palmas" and/or competing unfairly with plaintiff, and specifically:

(a) From using or employing, directly or indirectly, in any way or manner, the trade-mark "Las Palmas," or any colorable [135] imitation thereof, on or in connection with any sale, distribution, promotion, advertising for sale, or display, in either the United States or the Republic of Mexico, of any red chili sauce, or of any other Spanish-type foods or condiments which are like or closely related to any now manufactured or offered for sale by plaintiff;

(b) From aiding or participating, directly or indirectly, in any way or manner, in any sale, distribution, promotion, advertising for sale, or display, in either the United States or the Republic of Mexico, of any red chili sauce, or of any other Spanish-type foods or condiments like or closely related to any now manufactured or offered for sale by plaintiff, labeled with the trade-mark "Las Palmas," or any colorable imitation thereof, or with any other mark or label confusingly similar to plaintiff's label, Exhibit A, annexed to the amended complaint on file herein;

(c) From impeding or interfering, directly or indirectly, in any way or manner, with plaintiff's endeavors to gather evidence or testimony from plaintiff's wholesalers or distributors in the Republic of Mexico and, in particular, from urging or inducing, or in any way or manner attempting to induce, any of plaintiff's wholesalers or distributors to refuse to supply affidavits or testimony respecting plaintiff's use of the "Las Palmas" trade-mark in the Republic of Mexico;

(d) From representing, either orally or in writing, to any other person not a party to this suit, that the exportation to the Republic of Mexico, or the sale or distribution therein, of "Las Palmas" brand products manufactured or sold by plaintiff constitutes an infringement or other violation of any rights of defendants, or any of them; and

(e) From selling, assigning, transferring, or conveying or encumbering any right, title, or interest of defendants, or any of them, in and to: [136]

(i) Mexican trade-mark registration No. 76,068, or any good will associated therewith in Mexico, and/or

(ii) Certain physical assets of that portion of the business of defendants, or any of them, in which is

employed the trade-mark "Las Palmas," registered in Mexico as aforesaid, and specifically, unused labels, signs, prints, packages, wrappers, receptacles, and advertisements bearing the trade-mark "Las Palmas" thereon.

Hereof, fail not, under penalty of the law thence ensuing.

Witness the Honorable William C. Mathes, Judge of the United States District Court, Southern District of California, Central Division, this 30th day of July, 1956.

[Seal] JOHN A. CHILDRESS,
Clerk, U. S. District Court,
Southern District of California;

By /s/ M. E. THOMPSON,
Deputy.

Return on Service of Writ attached.

[Endorsed]: Filed August 10, 1956 [137]

APPENDIX C-1.

Lanham Act.

(15 U. S. C., Chapter 22)

AN ACT

To provide for the registration and protection of trade-marks used in commerce, to carry out the provisions of certain international conventions, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

TITLE I—THE PRINCIPAL REGISTER

Section 1. The owner of a trade-mark used in commerce may register his trade-mark under this Act on the principal register hereby established:

(a) By filing in the Patent Office—

* * * * *

(The remainder of Title I and all of Titles II to V, inclusive, are omitted.)

TITLE VI—REMEDIES

Sec. 32. (1) Any person who shall, in commerce, (a) use, without the consent of the registrant, any reproduction, counterfeit, copy, or colorable imitation of any registered mark in connection with the sale, offering for sale, or advertising of any goods or services on or in connection with which such use is likely to cause confusion or mistake or to deceive purchasers as to the source of origin of such goods or services; or (b) reproduce, counterfeit, copy, or colorably imitate any such work and apply such reproduction, counterfeit, copy, or colorable imitation to labels,

signs, prints, packages, wrappers, receptacles, or advertisements intended to be used upon or in connection with the sale in commerce of such goods or services, shall be liable to a civil action by the registrant for any or all of the remedies hereinafter provided, except that under subsection (b) hereof the registrant shall not be entitled to recover profits or damages unless the acts have been committed with knowledge that such mark is intended to be used to cause confusion or mistake or to deceive purchasers.

* * * * *

Sec. 33. (a) Any certificate of registration issued under the Act of March 3, 1881, or the Act of February 20, 1905, or of a mark registered on the principal register provided by this Act and owned by a party to an action shall be admissible in evidence and shall be prima facie evidence of registrant's exclusive right to use the registered mark in commerce on the goods or services specified in the certificate subject to any conditions or limitations stated therein, but shall not preclude an opposing party from proving any legal or equitable defense or defect which might have been asserted if such mark had not been registered.

(b) If the right to use the registered mark has become incontestable under section 15 hereof, the certificate shall be conclusive evidence of the registrant's exclusive right to use the registered mark in commerce on or in connection with the goods or services specified in the certificate subject to any conditions or limitations stated therein except when one of the following defenses or defects is established:

(1) That the registration or the incontestable right to use the mark was obtained fraudulently; or

(2) That the mark has been abandoned by the registrant; or

(3) That the registered mark has been assigned and is being used, by or with the permission of the assignee, so as to misrepresent the source of the goods or services in connection with which the mark is used; or

(4) That the use of the name, term, or device charged to be an infringement is a use, otherwise than as a trade or service mark, of the party's individual name in his own business, or of the individual name of anyone in privity with such party, or of a term or device which is descriptive of and used fairly and in good faith only to describe to users the goods or services of such party, or their geographic origin; or

(5) That the mark whose use by a party is charged as an infringement was adopted without knowledge of the registrant's prior use and has been continuously used by such party or those in privity with him from a date prior to the publication of the registered mark under subsection (a) or (c) of section 12 of this Act: *Provided, however,* That this defense or defect shall apply only for the area in which such continuous prior use is proved.

(6) That the mark whose use is charged as an infringement was registered and used prior to the publication under subsection (a) or (c) of section 12 of this Act of the registered mark of the registrant, and not abandoned: *Provided, however,* That this defense or defect shall apply only where the said mark has been published pursuant to subsection (c) of section 12 and shall apply only for the area in which the mark was used prior to the date of publication of the registrant's mark under subsection (a) or (c) of section 12 of this Act.

(7) That the mark has been or is being used to violate the antitrust laws of the United States.

(15 U. S. C. §1115)

Sec. 34. The several courts vested with jurisdiction of civil actions arising under this Act shall have power to grant injunctions, according to the principles of equity and upon such terms as the court may deem reasonable, to prevent the violation of any right of the registrant of a mark registered in the Patent Office. Any such injunction may include a provision directing the defendant to file with the court and serve on the plaintiff within thirty days after the service on the defendant of such injunction, or such extended period as the court may direct, a report in writing under oath setting forth in detail the manner and form in which the defendant has complied with the injunction. Any such injunction granted upon hearing, after notice to the defendant, by any district court of the United States, may be served on the parties against whom such injunction is granted anywhere in the United States where they may be found, and shall be operative and may be enforced by proceedings to punish for contempt, or otherwise, by the court by which such injunction was granted, or by any other United States district court in whose jurisdiction the defendant may be found.

The said courts shall have jurisdiction to enforce said injunction, as herein provided, as fully as if the injunction had been granted by the district court in which it is sought to be enforced. The clerk of the court or judge granting the injunction shall, when required to do so by the court before which application to enforce said injunction is made, transfer without delay to said court a certified copy of all papers on file in his office upon which said injunction was granted.

* * * * *

Sec. 35. When a violation of any right of the registrant of a mark registered in the Patent Office shall have been established in any civil action arising under this Act, the plaintiff shall be entitled, subject to the provisions of sections 29 and 31(1)(b), and subject to the principles of equity, to recover (1) defendant's profits, (2) any damages sustained by the plaintiff, and (3) the costs of the action. The court shall assess such profits and damages or cause the same to be assessed under its direction. In assessing profits the plaintiff shall be required to prove defendant's sales only; defendant must prove all elements of cost or deduction claimed. In assessing damages the court may enter judgment, according to the circumstances of the case, for any sum above the amount found as actual damages, not exceeding three times such amount. If the court shall find that the amount of the recovery based on profits is either inadequate or excessive the court may in its discretion enter judgment for such sum as the court shall find to be just, according to the circumstances of the case. Such sum in either of the above circumstances shall constitute compensation and not a penalty.

(15 U. S. C. §1117)

Sec. 36. In any action arising under this Act, in which a violation of any right of the registrant of a mark registered in the Patent Office shall have been established, the court may order that all labels, signs, prints, packages, wrappers, receptacles, and advertisements in the possession of the defendant, bearing the registered mark or any reproduction, counterfeit, copy, or colorable imitation thereof, and all plates, molds, matrices, and other means of making the same, shall be delivered up and destroyed.

(15 U. S. C. §1118)

Sec. 37. In any action involving a registered mark the court may determine the right to registration, order the cancellation of registrations, in whole or in part, restore canceled registrations, and otherwise rectify the register with respect to the registrations of any party to the action. Decrees and orders shall be certified by the court to the Commissioner, who shall make appropriate entry upon the records of the Patent Office, and shall be controlled thereby.

(15 U. S. C. §1119)

* * * * *

Sec. 39. The district and territorial courts of the United States shall have original jurisdiction, the circuit courts of appeal of the United States and the United States Court of Appeals for the District of Columbia shall have appellate jurisdiction, of all actions arising under this Act, without regard to the amount in controversy or to diversity or lack of diversity of the citizenship of the parties.

(15 U. S. C. §1121)

Sec. 40. Writs of certiorari may be granted by the Supreme Court of the United States for the review of cases arising under this Act in the same manner as provided for in cases under the patent laws.

(15 U. S. C. §1122)

* * * * *

TITLE VII—IMPORTATION FORBIDDEN OF GOODS BEARING INFRINGING MARKS OR NAMES

Sec. 42. That no article of imported merchandise which shall copy or simulate the name of the any domestic manufacture, or manufacturer, or trader, or of any manufacturer or trader located in any foreign country which, by treaty, convention, or law affords similar privileges to citizens of the United States, or which shall copy or simulate a trade-mark registered in accordance with the provisions of this Act or shall bear a name or mark calculated to induce the public to believe that the article is manufactured in the United States, or that it is manufactured in any foreign country or locality other than the country or locality in which it is in fact manufactured, shall be admitted to entry at any customhouse of the United States; and, in order to aid the officers of the customs in enforcing this prohibition, any domestic manufacturer or trader, and any foreign manufacturer or trader, who is entitled under the provisions of a treaty, convention, declaration, or agreement between the United States and any foreign country to the advantages afforded by law to citizens of the United States in respect to trade-marks and commercial names, may require his name and residence, and the name of the locality in which his goods are manufactured, and a copy of the certificate of registration of his trade-mark, issued in accordance with the provisions of this Act, to be recorded in books which shall be kept for this purpose in the Department of the Treasury, under such regulations as the Secretary of the Treasury shall prescribe, and may furnish to the Department facsimiles of his name, the name of the locality in which his goods are manufactured, or of his registered trade-mark, and

thereupon the Secretary of the Treasury shall cause one or more copies of the same to be transmitted to each collector or other proper officer of customs.

(15 U. S. C. 1124)

TITLE VIII—FALSE DESIGNATIONS OF ORIGIN AND FALSE DESCRIPTIONS FORBIDDEN

Sec. 43. (a) Any person who shall affix, apply, or annex, or use in connection with any goods or services, or any container or containers for goods, a false designation of origin, or any false description or representation, including words or other symbols tending falsely to describe or represent the same, and shall cause such goods or services to enter into commerce, and any person who shall with knowledge of the falsity of such designation of origin or description or representation cause or procure the same to be transported or used in commerce or deliver the same to any carrier to be transported or used, shall be liable to a civil action by any person doing business in the locality falsely indicated as that of origin or in the region in which said locality is situated, or by any person who believes that he is or is likely to be damaged by the use of any such false description or representation.

(b) Any goods marked or labeled in contravention of the provisions of this section shall not be imported into the United States or admitted to entry at any customhouse of the United States. The owner, importer, or consignee of goods refused entry at any customhouse under this section may have any recourse by protest or appeal that is given under the customs revenue laws or may have the remedy given by this Act in cases involving goods refused entry or seized.

(15 U. S. C. §1125)

TITLE IX—INTERNATIONAL CONVENTIONS

SEC. 44. (a) The Commissioner shall keep a register of all marks communicated to him by the international bureaus provided for by the conventions for the protection of industrial property, trade-marks, trade and commercial names, and the repression of unfair competition to which the United States is or may become a party, and upon the payment of the fees required by such conventions and the fees herein prescribed may place the marks so communicated upon such register. This register shall show a facsimile of the mark or trade or commercial name; the name, citizenship, and address of the registrant; the number, date, and place of the first registration of the mark, including the dates on which application for such registration was filed and granted and the term of such registration; a list of goods or services to which the mark is applied as shown by the registration in the country of origin, and such other data as may be useful concerning the mark. This register shall be a continuation of the register provided in section 1(a) of the Act of March 19, 1920.

(b) Persons who are nationals of, domiciled in, or have a bona fide and effective business or commercial establishment in any foreign country, which is a party to (1) the International Convention for the Protection of Industrial Property, signed at Paris on March 20, 1883; or (2) the General Inter-American Convention for Trade Mark and Commercial Protection signed at Washington on February 20, 1929; or (3) any other convention or treaty relating to trade-marks, trade or commercial names, or the repression of unfair competition to which the United States is a party, shall be entitled to the benefits and subject to the provisions of this Act to the extent and under the conditions essential to give effect to any

such conventions and treaties so long as the United States shall continue to be a party thereto, except as provided in the following paragraphs of this section.

(c) No registration of a mark in the United States by a person described in paragraph (b) of this section shall be granted until such mark has been registered in the country of origin of the applicant, unless the applicant alleges use in commerce.

For the purposes of this section, the country of origin of the applicant is the country in which he has a bona fide and effective industrial or commercial establishment, or if he has not such an establishment the country in which he is domiciled, or if he has not a domicile in any of the countries described in paragraph (b) of this section, the country of which he is a national.

(d) An application for registration of a mark under sections 1, 2, 3, 4, or 23 of this Act filed by a person described in paragraph (b) of this section who has previously duly filed an application for registration of the same mark in one of the countries described in paragraph (b) shall be accorded the same force and effect as would be accorded to the same application if filed in the United States on the same date on which the application was first filed in such foreign country: Provided, That—

(1) The application in the United States is filed within six months from the date on which the application was first filed in the foreign country;

(2) the application conforms as nearly as practicable to the requirements of this Act, but use in commerce need not be alleged;

(3) the rights acquired by third parties before the date of the filing of the first application in the foreign country shall in no way be affected by a

registration obtained on an application filed under this subsection (d);

(4) nothing in this subsection (d) shall entitle the owner of a registration granted under this section to sue for acts committed prior to the date on which his mark was registered in this country unless the registration is based on use in commerce.

(e) A mark duly registered in the country of origin of the foreign applicant may be registered on the principal register if eligible, otherwise on the supplemental register herein provided. The application therefor shall be accompanied by a certified copy of the application for or registration in the country of origin of the applicant.

(f) The registration of a mark under the provisions of paragraphs (c), (d), and (e) of this section by a person described in paragraph (b) shall be independent of the registration in the country of origin and the duration, validity, or transfer in the United States of such registration shall be governed by the provisions of this Act.

(g) Trade names or commercial names of persons described in paragraph (b) of this section shall be protected without the obligation of filing or registration whether or not they form parts of marks.

(h) Any person designated in paragraph (b) of this section as entitled to the benefits and subject to the provisions of this Act shall be entitled to effective protection against unfair competition, and the remedies provided herein for infringement of marks shall be available so far as they may be appropriate in repressing acts of unfair competition.

(i) Citizens or residents of the United States shall have the same benefits as are granted by this section to persons described in paragraph (b) hereof.

(15 U. S. C. §1126)

TITLE X—CONSTRUCTION AND DEFINITIONS

SEC. 45. In the construction of this Act, unless the contrary is plainly apparent from the context—

The United States includes and embraces all territory which is under its jurisdiction and control.

The word "commerce" means all commerce which may lawfully be regulated by Congress.

The term "principal register" refers to the register provided for by sections 1 through 22 hereof, and the term "supplemental register" refers to the register provided for by sections 23 through 28 hereof.

The term "person" and any other word or term used to designate the applicant or other entitled to a benefit or privilege or rendered liable under the provisions of this Act includes a juristic person as well as a natural person. The term "juristic person" includes a firm, corporation, union, association, or other organization capable of suing and being sued in a court of law.

The terms "applicant" and "registrant" embrace the legal representatives and successors and assigns of such applicant or registrant.

The term "Commissioner" means the Commissioner of Patents.

* * * * *

The terms "trade name" and "commercial name" include individual names and surnames, firm names and trade names used by manufacturers, industrialists, merchants, agriculturists, and others to identify their business, vocations, or occupations; the names or titles lawfully adopted and used by persons, firms, associations, corporations, companies, unions, and any manufacturing, in-

dustrial, commercial, agricultural, or other organizations engaged in trade or commerce and capable of suing and being sued in a court of law.

The term "trade-mark" includes any word, name, symbol, or device or any combination thereof adopted and used by a manufacturer or merchant to identify his goods and distinguish them from those manufactured or sold by others.

* * * * *

The term "mark" includes any trade-mark, service mark, collective mark, or certification mark entitled to registration under this Act whether registered or not.

For the purposes of this Act a mark shall be deemed to be used in commerce (a) on goods when it is placed in any manner on the goods or their containers or the displays associated therewith or on the tags or labels affixed thereto and the goods are sold or transported in commerce * * *.

A mark shall be deemed to be "abandoned"—

(a) When its use has been discontinued with intent not to resume. Intent not to resume may be inferred from circumstances. Nonuse for two consecutive years shall be prima facie abandonment.

(b) When any course of conduct of the registrant, including acts of omission as well as commission, causes the mark to lose its significance as an indication of origin.

The term "colorable imitation" includes any mark which so resembles a registered mark as to be likely to cause confusion or mistake or to deceive purchasers.

The term "registered mark" means a mark registered in the United States Patent Office under this Act or under the Act of March 3, 1881, or the Act of February 20,

1905, or the Act of March 19, 1920. The phrase "marks registered in the Patent Office" means registered marks.

The term "Act of March 3, 1881," "Act of February 20, 1905," or "Act of March 19, 1920," means the respective Act as amended.

A "counterfeit" is a spurious mark which is identical with, or substantially indistinguishable from, a registered mark.

Words used in the singular include the plural and vice versa.

The intent of this Act is to regulate commerce within the control of Congress by making actionable the deceptive and misleading use of marks in such commerce; to protect registered marks used in such commerce from interference by State, or territorial legislation; to protect persons engaged in such commerce against unfair competition; to prevent fraud and deception in such commerce by the use of reproductions, copies, counterfeits, or colorable imitations of registered marks; and to provide rights and remedies stipulated by treaties and conventions respecting trademarks, trade names, and unfair competition entered into between the United States and foreign nations.

(15 U. S. C. §1127)

TITLE XI—REPEAL OF PREVIOUS ACTS

Sec. 46. (a) This Act shall be in force and take effect one year from its enactment, but except as otherwise herein specifically provided shall not affect any suit, proceeding, or appeal then pending. All Acts and parts of Acts inconsistent herewith are hereby repealed effective one year from the enactment hereof, including the following Acts insofar as they are inconsistent herewith: The Act of Congress approved March 3, 1881, entitled "An Act to

authorize the registration of trade-marks and protect the same"; the Act approved August 5, 1882, entitled "An Act relating to the registration of trade-marks"; the Act of February 20, 1905 (U. S. C., title 15, secs. 81 to 109, inclusive), entitled "An Act to authorize the registration of trade-marks used in commerce with foreign nations or among the several States or with Indian tribes, and to protect the same", and the amendments thereto by the Acts of May 4, 1906 (U. S. C., title 15, secs. 131 and 132; 34 Stat. 169)), March 2, 1907 (34 Stat. 1251, 1252), February 18, 1909 (35 Stat. 627, 628), February 18, 1911 (36 Stat. 918), January 8, 1913 (37 Stat. 649), June 7, 1924 (43 Stat. 647), March 4, 1925 (43 Stat. 1268, 1269), April 11, 1930 (46 Stat. 155), June 10, 1938 (Public, Numbered 586, Seventy-fifth Congress, ch. 332, third session); the Act of March 19, 1920 (U. S. C., title 15, secs. 121 to 128, inclusive), entitled "An Act to give effect to certain provisions of the convention for the protection of trade-marks and commercial names made and signed in the city of Buenos Aires, in the Argentine Republic, August 20, 1910, and for other purposes", and the amendments thereto, including the Act of June 10, 1938 (Public, Numbered 586, Seventy-fifth Congress, ch. 332, third sessions): *Provided*, That this repeal shall not affect the validity of registrations granted or applied for under any of said Acts prior to the effective date of this Act, or rights or remedies thereunder except as provided in sections 8, 12, 14, 15, and 47 of this Act; but nothing contained in this Act shall be construed as limiting, restricting, modifying, or repealing any statute in force on the effective date of this Act which does not relate to trade-marks, or as restricting or increasing the authority of any Federal department or regulatory agency except as may be specifically provided in this Act.

(b) Registrations now existing under the Act of March 3, 1881, or the Act of February 20, 1905, shall continue in full force and effect for the unexpired terms thereof and may be renewed under the provisions of section 9 of this Act. Such registrations and the renewals thereof shall be subject to and shall be entitled to the benefits of the provisions of this Act to the same extent and with the same force and effect as though registered on the principal register established by this Act except as limited in sections 8, 12, 14, and 15 of this Act. Marks registered under the "ten-year proviso" of section 5 of the Act of February 20, 1905, as amended, shall be deemed to have become distinctive of the registrant's goods in commerce under paragraph (f) of section 2 of this Act and may be renewed under section 9 hereof as marks coming within said paragraph.

Registrations now existing under the Act of March 19, 1920, shall expire six months after the effective date of this Act, or twenty years from the dates of their registrations, whichever date is later. Such registrations shall be subject to and entitled to the benefits of the provisions of this Act relating to marks registered on the supplemental register established by this Act, and may not be renewed unless renewal is required to support foreign registrations. In that event renewal may be effected on the supplemental register under the provisions of section 9 of this Act.

Marks registered under previous Acts may, if eligible, also be registered under this Act.

* * * * *

Sec. 49. Nothing herein shall adversely affect the rights or the enforcement of rights in marks acquired in good faith prior to the effective date of this Act.

Sec. 50. If any provision of this Act or the application of such provision to any person or circumstance is held invalid, the remainder of the Act shall not be affected thereby.

Approved July 5, 1946.

1905 Trade Mark Act.

(Title 15 U. S. C. §§81 to 109; 33 Stat. 730.)

Sec. 27. U. S. C., title 15, sec. 106. *Articles imported, simulating trade name or trade-mark, not admitted to entry.* That no article of imported merchandise which shall copy or simulate the name of any domestic manufacture, or manufacturer, or trade, or of any manufacturer or trader located in any foreign country which, by treaty, convention, or law affords similar privileges to citizens of the United States, or which shall copy or simulate a trade-mark registered in accordance with the provisions of this act or shall bear a name or mark calculated to induce the public to believe that the article is manufactured in the United States, or that it is manufactured in any foreign country or locality other than the country or locality in which it is in fact manufactured, shall be admitted to entry at any customhouse of the United States; and, in order to aid the officers of the customs in enforcing this prohibition, any domestic manufacturer or trader, and any foreign manufacturer or trader, who is entitled under

the provisions of a treaty, convention, declaration, or agreement between the United States and any foreign country to the advantages afforded by law to citizens of the United States in respect to trade-marks and commercial names, may require his name and residence, and the name of the locality in which his goods are manufactured, and a copy of the certificate of registration of his trade-mark, issued in accordance with the provisions of this act, to be recorded in books which shall be kept for this purpose in the Department of the Treasury, under such regulations as the Secretary of the Treasury shall prescribe, and may furnish to the department facsimiles of his name, the name of the locality in which his goods are manufactured, or of his registered trade-mark, and thereupon the Secretary of the Treasury shall cause one or more copies of the same to be transmitted to each collector or other proper officer of customs.

APPENDIX C-2.

Pertinent Extracts From the Law of Industrial Property of the Republic of Mexico, Title III of Dario Official of December 31, 1942.

TITLE III. TRADEMARKS

CH. 1, General Rules

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Art. 99. The right to the use of a trade mark obtained by virtue of its registration shall be ineffectual against third parties who have been using said trade mark in the Republic of Mexico for more than three years prior to the legal date of the said registration.

Art. 100. In case the person who has been using a trade mark later registered by a third party should also request its registration within three years after the first registration was effected, the registered trade mark shall be subject to the provisions of Section II of Article 200 of this law.

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CH. IX, Nullity, lapsing, extinction and cancellation of the registration of trademarks.

Art. 200. The registration of a trademark is void:

I. If made in violation of the provisions of this law or of the laws in force at the time it was registered.

II. If the trademark has been used in the Republic (of Mexico) prior to the date of its registration, provided the party who asserts the right of use files an application for registration with the Secretariat of National Economy within three years following the date the first registration was published in the "Gazette of Industrial Property", and proves his continuous use of the trademark

and the fact that he commenced to use it prior to the original registrant.

III. If the trademark has previously been used and is registered in a foreign country, in the same case as provided for in the preceding section. In this case, however, the three-year period *shall be reduced to six months,* and furthermore, the respective foreign country must grant this same right to Mexicans. [Emphasis added.]

IV. If the trademark contains false data as to the origin of the goods covered thereby, location of the industrial or commercial establishment or owner of the trademark, mention of medals, diplomas or prizes not actually obtained, or a false statement as to the date on which use of the trademark was commenced.

V. If, due to error, inadvertence, or differences of opinion, the trademark is registered although another one is in force which is deemed as infringed on the basis that it might be mistaken with the former one. In this case the Secretariat, ex-officio, or at the petition of party shall declare that the second registration is null, provided the error is noted or claimed within three years following date of publication of the second registration in the "Gazette", otherwise the latter shall subsist. The nullity of trademarks registered with intent to defraud may be claimed at any time.

APPENDIX C-3.

International Convention for the Protection of Industrial Property.

(53 Stat. 1748, 1768.)

APPENDIX B.

Convention of Union of Paris of March 20, 1883, for the Protection of Industrial Property, Revised at Brussels December 14, 1900, at Washington June 2, 1911, at The Hague November 6, 1925, and at London June 2, 1934. [Both the United States and The Republic of Mexico are signatories hereto.]

ARTICLE 1

(1) The countries to which the present convention applies constitute themselves into a Union for the Protection of Industrial Property.

(2) The scope of the protection of industrial property shall include patents, utility models, industrial designs and models, trade marks, commercial names and indications of origin, or appellations of origin, as well as the repression of unfair competition.

(3) Industrial property shall be understood in the broadest meaning and shall apply not only to industry and commerce as such, but likewise to agricultural and extractive industries and to all manufactured or natural products, for example, wines, grains, tobacco leaves, fruits, cattle, minerals, mineral waters, beers, flowers, flours.

(4) The term "patents" shall extend to the various types of industrial patents recognized by the laws of the countries of the Union, such as patents of importation, improvement patents, patents and certificates of addition, etc.

ARTICLE 2

(1) Nationals of each of the countries of the Union shall, in all other countries of the Union, as regards the protection of industrial property, enjoy the advantages that their respective laws now grant, or may hereafter grant, to their own nationals, without any prejudice to the rights specially provided for by the present convention. Consequently they shall have the same protection as the latter, and the same legal remedy against any infringement of their rights, provided they observe the conditions and formalities imposed upon nationals.

(2) Nevertheless, no condition as to the possession of a domicile or establishment in the country where protection is claimed can be required of those who enjoy the benefits of the Union for the enjoyment of any industrial property rights.

(3) **The provisions of the legislation of each of the countries of the Union relative to judicial and administrative proceedings and to competent authority, as well as to the choice of domicile or the appointment of an authorized agent, which may be required by the laws on industrial property are expressly reserved.***

ARTICLE 3

Nationals of countries not forming part of the Union who are domiciled or who have real and effective industrial or commercial establishments in the territory of one of the countries of the Union shall be assimilated to the nationals of the countries of the Union.

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*Emphasis has been added to particularly relevant provisions.

ARTICLE 4

A. (1) Any person who has duly applied for a patent, the registration of a utility model, industrial design or model, or trade mark in one of the countries of the Union, or his legal representative or assignee, shall enjoy for the purposes of registration in other countries a right of priority during the periods hereinafter stated.

(2) Any filing having the value of a formal national filing by virtue of the internal law of each country of the Union or of international treaties concluded among several countries of the Union shall be recognized as giving rise to a right of priority.

(B) Consequently, subsequent filing in one of the other countries of the Union before the expiration of these periods shall not be invalidated through any acts accomplished in the interval, as, for instance, by another filing, by publication of the invention or the working thereof, by the sale of copies of the design or model, or by use of the trade mark, and these facts cannot give rise to any right of third parties or any personal possession. The rights acquired by third parties before the day of the first application on which priority is based shall be reserved by the internal legislation of each country of the Union.

C. (1) The above-mentioned periods of priority shall be 12 months for patents and utility models and 6 months for industrial designs and models and for trade marks.

(2) These periods shall start from the date of filing of the first application; the day of filing is not counted in this period.

(3) If the last day of the period is a legal holiday, or a day on which the Patent Office is not open to receive applications in the country where protection is claimed, the period shall be extended until the next working day.

D. (1) Any person desiring to take advantage of the priority of a previous application must make a declaration giving particulars as to the date of such application and the country in which it was made. Each country will determine the latest date at which such declaration must be made.

(2) The particulars referred to shall be stated in the publications issued by the competent authority, and in particular in the patents issued and the specifications relating thereto.

(3) The countries of the Union may require any person making a declaration of priority to produce a copy of the application (with the specification, drawing, etc.) previously made. The copy, certified as correct by the authority receiving this application, shall not require legal authentication, and in all cases it can be filed, without fee, at any time within the period of 3 months from the filing of the application. They may also require that the declaration later be accompanied by a certificate by the proper authority showing the date of application, and also by a translation.

(4) No other formalities may be required for the declaration of priority at the time application is filed. Each of the countries of the Union shall decide upon the consequences of the omission of the formalities prescribed by this article, but such consequences shall in no case exceed the loss of the right of priority.

(5) Further proof in support of the application may be required later.

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ARTICLE 4 *bis*

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ARTICLE 4 *ter*

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ARTICLE 5

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C (1) If in a country the use of a registered mark is compulsory, the registration can be canceled only after a reasonable period, and if the interested party cannot justify the causes of his inaction.

(2) The use of a trade mark by the owner, in a form which differs by elements not altering the distinctive character of the mark, in the form under which it was registered in one of the countries of the Union, shall not entail invalidation of the registration, nor shall it diminish the protection accorded to the mark.

(3) The simultaneous use of the same mark on identical or similar products by industrial or commercial establishments considered as joint owners of the mark according to the provisions of the national law of the country where protection is sought shall neither prevent registration nor diminish in any way the protection accorded the said mark in any country of the Union, provided the said use does not result in inducing the public into error and is not contrary to public interest.

D. Articles shall not be required to bear any sign or mention of the patent, the utility model, or the registration of the trade mark or of the deposit of the industrial design or model for recognition of the right.

ARTICLE 5 *bis*

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ARTICLE 5 *ter*

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Article 6

A. Every trade mark duly registered in the country of origin shall be admitted for registration and protected in the form originally registered in the other countries of the Union under the reservations indicated below. These countries can demand, before proceeding to a final registration, the production of a certificate of registration in the country of origin issued by the competent authority. No legislation shall be required for this certificate.

B. (1) **Nevertheless, the following marks may be refused or canceled:**

1°. **Those which are of such a nature as to infringe upon rights acquired by third parties in the country where protection is applied for.**

2°. Those which have no distinctive character, or which consist exclusively of signs or indications which serve in trade to designate the kind, quality, quantity, destination, value, place of origin of the products, or time of production, or which have become customary in the current language, or in the bona fide and unquestioned usages of the trade in the country in which protection is sought. In arriving at a decision as to the distinctiveness of the character of a mark, all the circumstances of the case must be taken into account, and in particular the length of time that such a mark has been in use.

3°. Those which are contrary to morality or public order, especially those which are of a nature to deceive the public. It is to be understood that a mark cannot be considered as contrary to public order for the sole reason that it does not conform to some legislative requirement concerning trade marks, except in circumstances where this requirement itself concerns public order.

(2) Trade marks cannot be refused in the other countries of the Union on the sole ground that they only differ from the marks protected in the country of origin by elements not altering the distinctive character and not affecting the identity of the marks in the form under which they have been registered in the aforesaid country of origin.

C. The following shall be deemed the country of origin:

The country of the Union where the applicant has an actual and genuine industrial or commercial establishment; and, if he has not such an establishment, the country of the Union where he has his domicile; and, if he has not a domicile in the Union, the country of his nationality in the case where he is under the jurisdiction of a country of the Union.

D. When a trade mark shall have been duly registered in the country of origin, then in one or more of the other countries of the Union, each one of these national marks shall be considered, from the date on which it shall have been registered, as independent of the mark in the country of origin, provided it conforms to the internal law of the country of importation.

E. In no case shall the renewal of the registration of a trade mark in the country of origin involve the obligation of renewal of the registration of the mark in other countries of the Union in which the mark has been registered.

F. The benefits of priority shall subsist in trade-mark applications filed in the period allowed by article 4, even when the registration in the country of origin is completed only after the expiration of such period.

ARTICLE 6 *bis*

(1) The countries of the Union agree to refuse or to invalidate either administratively, if their legislation so

permits, or at the request of an interested party, the registration of a trade mark which constitutes a reproduction, limitation, or translation, liable to create confusion with a mark considered by the competent authority of the country of registration to be well known there as being already a mark of a person entitled to the benefits of the present convention and used for identical or similar products. The same shall apply when the essential part of the mark constitutes a reproduction of a well-known mark or an imitation likely to cause confusion therewith.

(2) A period of at least 3 years must be granted in order to claim the cancellation of these marks. The period shall start from the date of registration of the mark.

(3) No period shall be established to claim the cancellation of marks registered in bad faith.

ARTICLE 6 *ter*

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ARTICLE 6 *quarter*

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ARTICLE 7

The nature of the goods on which the trade mark is to be used can in no case form an obstacle to the registration of the trade mark.

ARTICLE 7 *bis*

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ARTICLE 8

A trade name shall be protected in all the countries of the Union without the obligation of filing or registration, whether or not it forms part of a trade mark.

ARTICLE 9

(1) All goods illegally bearing a trade mark or trade name shall be seized at importation into those countries of the Union where this mark or name has a right to legal protection.

(2) Seizure shall likewise be effected in the country where the mark or name was illegally applied, or in the country into which the article bearing it has been imported.

(3) The seizure shall take place at the request either of the proper government department or of any other competent authority, or of any interested party, whether an actual or a legal person, in conformity with the domestic laws of each country.

(4) The authorities shall not be bound to effect the seizure in transit.

(5) If the law of a country does not permit seizure at importation, such seizure shall be replaced by prohibition to import or by seizure within such country.

(6) If the law of any country permits neither seizure at importation, nor prohibition to import, nor seizure within the country, and until such time as this law shall be accordingly modified, these measures shall be replaced by the remedies assured to nationals, in such cases, by the law of such country.

ARTICLE 10

(1) The stipulations of the preceding article shall be applicable to every product which may falsely bear as indication of origin, the name of a specified locality or country when such indication shall be joined to a trade name of a fictitious character or used with intent to defraud.

(2) Any producer, manufacturer, or trader engaged in the production, manufacture, or trade of such goods and established either in the locality falsely designated as the place of origin, or in the district in which the locality is situated, or in the country falsely designated, or in the country where the false indication of origin is used, shall be deemed in all cases a party concerned, whether such person be actual or legal.

ARTICLE 10 *bis*

(1) The countries of the Union are bound to assure to nationals of countries of the Union an effective protection against unfair competition.

(2) Any act of competition contrary to honest practice in industrial or commercial matters constitutes an act of unfair competition.

(3) The following particularly are to be forbidden:

1°. All acts whatsoever of a nature to create confusion in any way whatsoever with the establishment, the goods, or the services of the competitor;

2°. False allegations in the conduct of trade of a nature to discredit the establishment, the goods, or the services of a competitor.

ARTICLE 10 *ter*

(1) The countries of the Union undertake to assure to the nationals of other countries of the Union appropriate legal remedies to repress effectively all acts set forth in articles 9, 10, and 10 *bis*.

(2) They undertake, moreover, to provide measures to permit syndicates and associations representing the manufacturers, producers, or merchants interested, and of which the existence is not contrary to the laws of their

country, to take action in justice or before the administrative authorities, with a view to the repression of the acts set forth in articles 9, 10, and 10 *bis*, so far as the law of the country in which protection is claimed permits such action to the syndicates and associations of that country.

* * * * *

(Articles 11, 12, 13, 14, 15, 16 and 16 *bis* are omitted.)

ARTICLE 17

The execution of the reciprocal engagements contained in the present convention shall be subordinated, insofar as necessary, to the observance of the formalities and rules established by the constitutional laws of those of the countries of the Union which are bound to enforce the same, which they undertake to do with as little delay as possible.

ARTICLE 17 *bis*

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ARTICLE 18

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ARTICLE 19

The present act shall be signed in a single copy, which shall be deposited in the archives of the Government of the United Kingdom of Great Britain and Northern Ireland. A certified copy shall be forwarded by the latter to each of the governments of the countries of the Union.

Done at London in a single copy, on June 2, 1934.

APPENDIX D-1.

English Translation of Decision No. 57, of the General Division of Patents and Trade Marks of the Department of Economy of the United States of Mexico.*

Translation from Spanish

Stamp: Federal Executive Power, Mexico, D. F., United States of Mexico, Department of Economy. Division: General Division of Patents and Trade Marks 6999, Director's Office. Section: Legal. Table: First. Number of Communication: 37-111. File: Trademark No. 76068, Decision No. 57.

Subject Matter: The Declaration of Nullification of the "LAS PALMAS" Trademark 76068 which covers Articles of the 46th Classification is Denied.

Mexico, D. F., April 30, 1957.

To David Rangel Medina, Representative of Ramirez & Feraud Chili Co., Av. Juarez No. 14-7th Floor, City.

With respect to your communication of October 8, 1956, wherein you request the nullification of the registration of the "LAS PALMAS" Trademark 76068, this Department, having taken in consideration the proofs in the respective file, has rendered an administrative decision in accordance with the following

ANTECEDENTS

1. By written instrument of October 8, 1956, Attorney David Rangel Medina, representing Ramirez & Feraud

*The order appointing the English translator and her certificate that the above "is to the best of my knowledge and belief a true and exact translation of the document in question" were also filed with the Circuit Court of Appeals but are omitted here for sake of brevity.

Chili Co., appeared before this Department, to request an administrative declaration of nullification of the trademark 76068 "LAS PALMAS" which covers articles of the 46th classification. He bases his petition on the fact that his principal applied for the registration of the "LAS PALMAS" trade mark from this Department to distinguish foodstuffs and its ingredients, especially chili sauce, of the 46th classification, which he commenced to use on the 4th of August, 1948; that when an examination for novelty was made he was advised of the prior rights of this trademark, among others, which consists of the name "LAS PALMAS", and has the legal date of October 28, 1953, covering the same articles as those for the one which his principal requested, and whose date of first use was declared to be October 15, 1953, the same having been published in the Patents and Trademarks Gazette on February 1954, which was put in circulation on July 27 of the same year; that the rights thereto were transmitted to Mr. Pablo Baca Gavaldón. He alleges that the registration of this trademark is illegal and that in no way can it be deemed that it has been infringed upon by the application of registration of the two marks that his principal has presented, inasmuch as the petitioner is the old, true and sole owner, and inasmuch as the existence of this trademark is an obstacle to the issuance of the two registrations requested by his principal; he requests further than an administrative declaration of nullification of this registration be issued in accordance with the provisions prescribed by articles 99, 100, 124 and 200, subsection 11[II] and 201 subsection 111[III] of article 6th bix of the Paris Union Convention.

He bases the first grounds for nullification on Article 200 subsection 11, and sets forth that in the case herein the

conditions concur for the application on the grounds for nullification provided by the aforesaid rule of law, since the trademark 76068 started to be used, according to the statement made in the application for registration, on October 15, 1953, but alleges that the same name had been used already in the Mexican Republic a long time befor this registration and precisely by his principal, by means of sales accredited by invoices and by advertisements in the United States as well as in this Country, in newspapers, business magazines, radio programs, etc., and that his principal had used it mainly in towns on the Northern border of the Mexican Republic, Tijuana and Ensenada; and that his prior rights with respect to its use in the United State of America are still greater. With respect to the second requirement of the aforesaid subsection 11[II] of Article 200, he asserts that this has been fully complied with also inasmuch as his principal presented an application for registration of the "LAS PALMAS" mark within the three years from the publication of the registration 76068 and finally with respect to the third condition stipulated by the law in question, he asserts that this also has been complied with inasmuch as the mark whose registration is sought has been used uninterruptedly prior to the trademark 76068 up to this date.

With respect to the second grounds for nullification, he bases them on what is established by article 133 of the Political Constitution of the United States of Mexico, and states that in accordance with the aforesaid law our country must respect and observe all commitments contracted with other nations, and that in the case herein, Mexico has adhered to the Paris Union Convention of March 1883, for the protection of Patents and Trade Marks, revised in Brussels on December 14, 1911, in Washington on July 21 of the same year, in the Hague on November 6, 1925, and

in London on June 21, 1934; and that, therefore, the Mexican authorities are obligated to interpret and apply the provisions of the aforesaid treaty in the cases in which they are properly applicable, and that article 6 bis of the aforesaid convention provides that the contracting countries bind themselves to register or to invalidate, if the legislation of the country allows it or at the request of the interested party, the registration of a trade or a commercial mark which might be a reproduction or an imitation which might cause confusion, of a mark which the competent authority of the registering country deems to be *widely known* there, because it was already the mark of a party under the jurisdiction of another contracting country, and used for products of the same or of a similar kind. He sets forth the statutory period that the aforesaid provision grants to claim the cancellation, and the requirements established thereby for the nullification of a mark, and concludes by asserting that in the case herein the nullification is in order because the requirements referred to in the aforesaid regulations have been fulfilled.

As a third ground for nullification, he mentions the provisions in subsection 111 of article 201 of the Law of Patents and Trade Marks which he transcribes, asserting thereafter that in the case herein the provisions thereof have also been fully fulfilled, inasmuch as when the examination for novelty was made of the "LAS PALMAS" mark requested by Ramirez & Feraud Chili Co., according to files 73295 and 73296, this Department found that another one with the same name had already been registered, which may cause confusion, and that the said trademark is 76068 whose title holder is Mr. Pablo Baca Gavaldon. He alleges that the registration of the "LAS PALMAS" trademark and of the trademark and design of "LAS

PALMAS" was requested by his principal before the expiration of the term of 3 years from the publication of this registration in the Gazette, and that his principal has been using the same mark uninterruptedly in the United States of America since the year 1922, and in the Mexican Republic at least since August 4, 1948, that is, prior to the date of October 15, 1953, which is the date when the mark protected by this registration was first used, and that, therefore, once the three rules of law required by these provisions have been fulfilled, the registration of this trademark is null and void and to so declare it is in order, so that the two registrations applied for by the petitioner can have effect. He presented several proofs which shall be studied when the considerations on this matter are set out, and he concluded praying that the nullification requested be declared.

II. Copies of the petition for nullification of this trademark were duly served on Mr. Pablo Baca Gavaldon, title holder of the same, according to official communication 25005 of November 5, 1956, and he was granted a term which would expire on the 30th of the same month to make the allegations he deemed proper, and he was admonished that at the conclusion of the term set forth, a proper decision would be rendered, based upon the applicable provisions of the laws and regulations.

III. By means of a document in writing, dated November 30, 1956, attorneys Jaun del Avellano Ochoa and Armando Diaz Olivares, appeared before this Department, as attorneys in fact of Mr. Pablo Baca G., to request the nullification of the notice of the petition for nullification of this trademark, because the domicile of their principal was not the one set forth in the aforesaid official communication.

They further state in the aforesaid document that in the event their requiest is denied, they answer the allegations in the petition; they deny the first point, because they do not know whether that which is asserted therein is true or not, and because it does not apply thereto; they deny the allegations marked under number 2 because they are not applicable to them; and they admit them with respect to the fact that the "LAS PALMAS" registration 76068, exclusive property of Mr. Pablo Baca G., does exist; they deny the allegations under number 3 because they are not applicable to their principal; they deny the allegations under number 4 because they have no definite knowledge of the matters set forth therein; and with respect to the allegations under number 5 relating to the existence of the "LAS PALMAS" registration 76068 they assert that it is true that the referred to registration, which is the property of their principal is in existence; they deny point number 6 because their principal did not partake in the matters which are stated therein; they admit that the allegations set forth in number 7 of the petition are true, only with respect to the fact that this trademark was registered on October 28, 1953, that the first use thereof was made on the 15th day of the same month and year, and that it was issued originally to Mr. Fernando de la Peña, and that the registration was published in the Patents and Trade Marks Gazette, of February, 1954; with respect to points 8 and 9, they assert that they are true, but challenge the truthfulness of what is set forth in point 10 and deny the assertion that the registration of this trademark is illegal, thereby confirming that the declaration of nullification requested is not in order.

With respect to the grounds for nullification set forth in the petition and with reference to the first one, they

state that what is asserted therein is absolutely false inasmuch as according to point number 11 of the Chapter of Proofs of the Petition, very few purchase sale operations of the products are recorded in the prefabricated proofs of the petitioners, inasmuch as in the entire year of 1951 only one operation of 51 cases was effected, in 1952 two operations of 75 cases, in 1953 one operation of 60 cases, and in 1954 and in 1955 three operations of 110 cases. They state further that with respect to food products, the sales set forth by the petitioners, themselves, in the event they are true, are insignificant, and in no way do they prove that they used the mark "LAS PALMAS" to such an extensive degree that it deserves the registration of the trademark; and to confirm the foregoing the precedent established by the Supreme Court of Justice of the Nation is cited in the case referring to General Mills Inc. which appears on page 2850 of the Volume LXXVII, of the Judicial Weekly of the Federation, according to which "The sale of one locomotive is sufficient to hold that the requirement with respect to use has been fulfilled, but, on the other hand, it is necessary to show an extensive degree of sales in order to hold that the mark covering a food product principally advertised and sold has been used in the country;" therefore, they conclude that the petition for nullification under study is not in order, in view of the fact that the use of the mark is based on a small number of sales operations in a free zone where all kinds of foreign products enter without payment of custom's duties. With respect to the proofs consisting of an agreement entered into by the petitioners and the radio station X E A U and the testimony of the Manager thereof, they hold that these are prefabricated proofs and challenge them as inadmissible and they point out that in spite of the fact that the petitioners stated they have used advertisements in reviews

and newspapers, they do not present any documentary proof to prove the use of the mark. With respect to point B), they state that it is up to the petitioners to prove that within three years from the publication of this registration, that an application was made by them, and with respect to C) containi , the allegation that the petitioners used the mark before Mr. Baca G., they reiterate that the purchase-sale operations undertaken before 1953, are so insignificant that they should not be taken in consideration and neither do they justify an extensive uninterrupted use of the mark.

With reference to the second grounds for nullification, they assert that it is absolutely false that this mark is a reproduction or an imitation of the "LAS PALMAS" mark for which the petitioners claim ownership, and that the same may cause confusion, because it can be determined from a comparison that there are differences and that there is no similarity or reproduction in the strict sense of these words. Thereafter, they make a description of the labels appertaining to each one of the aforesaid marks concerned in this controversy, as well as a relation of the uses to which the products covered by the same are destined. Furthermore, they deny the assertion that the mark of the petitioner is widely known in this country, because they affirm that, although the aforesaid mark of the petitioner is registered in the United States of America, on the other hand it is not registered in this Republic, and, that, therefore, although it is well known in the neighboring country, this is not so with respect to Mexico, since the few purchase sale operations made in this territory cannot be considered as having given rise to an extensive universal knowledge, which is required to guarantee that a mark is widely known in a country. On the other hand, they assert that, although the products covered by the aforesaid

marks belong to the same group of official classification, it must be taken in consideration that the qualities are different as well as the uses and employments of the manufacture, and because the raw materials are different; and besides the products of Mr. Baca G. are manufactured in national territory. With respect to point four of the grounds under consideration, which refers to the allegation that the nullification of this registration should be requested within the three years required by the law, they hold that this constitutes only another demonstration of an amplification which goes beyond the scope of the individual freedom preserved in the Constitution.

With respect to the third grounds for nullification, they believe that these are not new grounds but a repetition of the previous two, and that they are not applicable in any respect because this mark is not the same or similar to that of Ramirez & Feraud Chili Co., neither can it create confusion; and, with respect to the allegation that the petitioner has been using the mark uninterruptedly and prior to the respondent, they allege that this is not true, because the isolated operations they have made in two or three towns of the Republic of Mexico situated on the Free Zone, do not justify or prove the uninterrupted use of a mark when there are thousands of Mexican towns where such a product is not known, not even as a free sample.

With respect to the proofs presented by the petitioner, they consider that the one mentioned in point one of the petition should be rejected as inadmissible, because it does not concern the legitimacy of the right of their principal, and it only proves that an arbitrary attempt is being made to secure the registration in Mexico of a foreign mark which the petitioner exploits in a foreign country. In their opinion, the proof offered in point 2 should be re-

jected also, as inadmissible because it has no relation to the legitimacy of the right of their principal and it only confirms that they are seeking to secure arbitrarily the double registration of the "LAS PALMAS" trademark name and design; proof 4 also, according to the pertinent paragraphs in the petition should be rejected as inadmissible because it was prepared fraudulently without any intervention on the part of Mr. Baca Gavaldon and because it contains a partial statement of a testimonial nature from Mr. Klauber Wangenheim whom they have not cross examined—they make the same observation with respect to the document mentioned in point 5, because that convertion was not made in legal terms and it fails to have the character of public proof; the proof offered in point 6 consisting of a certified photostatic copy of an agreement entered into between the petitioner and Radio Station X E A U·Radio Acuña, according to the respondents should be rejected as inadmissible because it is not a public document but simply a private document previously prepared, in whose preparation their principal did not partake, and because it has no relation whatsoever to this controversy and lacks ratification and the guarantee of a hearing for the purpose of cross examining the signers, the same objection is made with respect to the translation of the aforesaid document; in their opinion the public document submitted in point 8 should be rejected because this relates to a prefabricated proof, made to the liking of the client where the intervention of a notary is not acceptable, therefore the invalidity thereof is evident; similarly, they point out that the public document submitted in point 9 should not be admitted, since Mr. Acuña Varela takes on powers of authority he does not have; the public document offered under number 10, which consists of a unilateral statement previously prepared by Mr. Manuel Acuña V., should not

be admitted as public document, and in the event it is admitted should be identified as testimonial proof and the respondents should be granted the right of cross examination; they hold similarly, that the public document offered under number 11 should not be admitted because it has been previously prepared without the intervention of the respondent; they assert that the public document offered under number 13 has no effect because there is no statement therein to the effect that the petitioner has or has not registered its mark in the United States of America, and that they make the same assertion with respect to the proof offered under number 15, which they hold has no effect for the same reason as the previous one; with respect to the public document under number 17, they hold that it should not be taken into consideration because the petitioners presume to invoke foreign protection which is ill-advised and unpatriotic; they object to the public document offered under number 21 consisting in the judgment rendered by the Judge of the District Court of the United States of America for the Southern District of California because they hold that it is an error to cite a judgment rendered by a foreign court attributing thereto the irresponsibility of rendering a judgment of an extra-Territorial character, when the fact is that the petitioners invest the judgments of the foreign courts with a scope they do not have in reality, because in the above cited suit the Court was not competent to hear a matter in which the Mexican Government granted a registration in accordance with its laws. They offer the proofs which are to their own advantage, and these shall be taken in consideration upon formulating the respective considerations, and they conclude with the request that a declaration be made to the effect that the registration of this trade mark is not subject to nullification. By official communication 27372

and in accordance with the request made in the above mentioned instrument, Mr. Pablo Baca Gavaldon was again served with copy of the petition of Nullification of this trademark, and he was granted a term which would expire on February 28 of this year to answer the same, and make the allegations he deemed advisable, and that at the expiration thereof the proper decision would be rendered based upon the applicable provisions of the law and the regulations.

IV. Again Messrs. Jaun del Avellano Ochoa and Armando Diaz Olivares appeared before this department representing the title holder of the trademark, Mr. Pablo Baca Gavaldon, according to the instrument of February 27 last past, in which they state that they are transcribing all and every one of the parts of their document of November 30, 1956 and they clarify the statements made on page number 6 thereof to point out that with respect to the date of August 4, 1948, which the petitioners state is the date when they made the first use of their mark, and October 15, 1953 date on which the respondents made the first use of their mark, the petitioner presumes to prove with prefabricated invoices, that 4 isolated operations were effected in the Mexican Republic involving a total of 186 cases of the product in 5 years, and, therefore, the aforesaid mark could not have been used uninterruptedly in the Mexican Republic. Furthermore, they state that if the petitioners have their mark registered in the United States of America, and, if we presume, without admitting it, that they used it previously and uninterruptedly in our country, then it must be concluded that their petitioner for nullification should not have been presented within the term or according to the presumption of article 200 subsection 11[III] of the law of patents and trademarks, but within the term provided by subsection 111[III] of the

same article 200, which would be at the latest February 27, 1955 and not as they did it on October 18, 1956, and, therefore, their right to request the nullification of this registration expired to their prejudice. They hold besides that with these allegations the respondents have proven the lack of right on the part of the petitioners and that the presumed grounds for nullification which they have set forth have no basis in fact.

They point out that the product of the petitioners has not been found to be registered before any authority, and that on the other hand, that of Mr. Baca Gavaldon not only has been registered at this Office but also with the Department of Health and Welfare. They clarify point 12 with reference to their instrument of November 30, to confirm that there is no corporation named "LAS PALMAS" Food Co. Inc., and least of all that the same is exploiting this mark. They state moreover that the decision rendered by the Judge of California, is not final, and that there is an appeal pending in the aforesaid country, and thereby it has been proven that the judgment which the petitioners attached is not a final judgment, and that therefore the publication thereof is only a paid business custom to surprise and to predispose the Mexican authorities. They also offered other proofs on their behalf, which will be equally taken in consideration at the proper time, and they concluded their document praying again for a declaration to the effect that this trademark is not subject to nullification. By official communication of No. 4392, of March 19 last past, Mr. Pablo Baca Gavaldon was informed, through his representatives, that the petition for nullification of this trademark was held to have been answered, and the proofs to have been presented, and that they would be taken in consideration upon the rendition of a dicision.

CONSIDERATIONS

FIRST. The competency of this Department to hear the present matter is set forth in Article 208 of the Law of Patents and Trademarks which provides that the declaration of nullification or the extinction of a trademark from the register, in the proper cases, shall be done administratively by the Department of National Economy, at the request of the interested party, or the District Attorney, when the Federation has some interest therein.

In accordance with subsection 11 of article 200, the registration of a mark is null and void when the mark has been used in the Republic prior to the date of the registered mark, as long as the party proving his right of use, presents his application for registration at the Department of National Economy, within three years from publication of the former in the Patents and Trade Marks Gazette, and proves that he used the mark during all that time and that he started to use it before the original registree.

Subsection 111 of article 201 provides that in the event an examination is made with respect to the novelty of the mark whose registration is requested and it is found that there is another which is the same or so similar thereto, that it may cause confusion, if the registration is requested within the three years from the publication of the former and the petitioner has used the mark uninterruptedly, prior to the date in which the registree started to use it, then the registration already made is null and void. When the nullification of the registration is declared, then action is taken to bring about the one requested.

SECOND. Ramirez & Feraud Chili Co. requests the nullification of the registration of this trademark, because of prior rights as stated in the petition of registration of

the "LAS PALMAS" mark which he presented to this Office, asserting they have better rights thereto by virtue of the fact of having made prior use, thereof, and its registration in the United States of North America, and therefore the petitioner cites the rules of law deemed applicable to the case, and presents the proofs to its advantage, in order to show a better right to the use of the mark in question, which are studied hereinafter.

With respect to the proof marked number one, consisting of the file of the mark 73296, it must be pointed out that no prior use of the mark on the part of the petitioner can be deduced therefrom, since to that effect there is only a statement of the date of use set forth in the petition, which is the 4th of August, 1948; the same thing must be pointed out with respect to the file 73295 which is also offered in point two of the petition; with respect to the file of this trademark 76068, it was presented for registration on October 28, 1953, a prior use having been pointed out as of the 15th of the same month, which would not effect at all the petitioner in proving the prior use of his trademark as alleged.

With respect to the proof offered in number 4, consisting of a photostatic copy of an invoice, the same is used to accredit the sale of the products which are mentioned, but in the United States of America and not in our country; the same thing should be said of the proof offered in point five, since it only consists of a translation of the previous one; those mentioned in points numbers 6 and 7, consisting of a certified copy of an agreement entered into between the petitioner and a radio station, make no mention whatsoever of the product to be advertise, therefore, it does not fulfill its function, and therefore it does not favor at all the presenter of the proof; the proof

consisting of a photostatic copy of an advertisement offered in point 8 of the petition, mentions "LAS PALMAS" sauce as the advertised product, but it makes no mention of the manufacturer thereof therefore it only shows that there is a "LAS PALMAS" mark involving sauce, but it does not prove who makes use thereof or the date in which it was used; from the photostatic copy offered in point 9 of the same Chapter of Proofs in the petition, one deduces that Mr. Manuel Acuña Varela informs Mr. Kern that the "LAS PALMAS" sauce has been advertised by the station X E A U, in an uninterrupted manner from June 2, 1951, but the origin of the aforesaid sauce is not shown, and moreover, the referred to document is not a public proof, but a private one which has been objected to by the respondent, and with respect to the notarial certification, it only shows that the aforesaid copy conforms with its original but it does not give it any validity whatsoever, except for the aforesaid conformity, but as has been noted, nothing is proved with respect to the use of the mark in Mexico which the petitioner asserts it has used; the proof referred to in point 10 of the petition, consists of a statement made by the same Mr. Manuel Acuña Varela, that since the 2nd day of July, 1951, Radio Station X E A U has been advertising the chile sauce product of the "LAS PALMAS" mark, and that the attached copy of the agreement is an exact copy of the original entered into by and between the petitioner and the managership of the aforesaid radio station, of course one must point out that this is only the statement of one person who has no capacity to administer oaths, and, therefore, his statement is only the statement of a witness who should have been cross-examined by the respondent, and since this latter party, for his reason, objected to the proof, the same cannot be taken in consideration; besides the notarial certification

only proves that the aforesaid document was signed in the presence of the notary, but there is no certification of the authenticity of its contents and under such circumstances it is not possible to invest it with any probative value. The proofs offered in points numbers 11 and 12 refer to a sales memorandum of "LAS PALMAS" sauce, from the petitioner with its translation, and a notarial certification which are duly certified, but, in spite of this, they do not show the use of the "LAS PALMAS" mark on the part of the petitioner, because, even though mention is made therein that it concerns the sale of the "LAS PALMAS" products, no mention is made that it concerns the sauce precisely, and inasmuch as it is not possible to determine that the petitioner is engaged solely and exclusively in the manufacture of the aforesaid product, therefore one cannot conclude that it concerns products covered by this mark, and, even if this were so, it is necessary in any case to support the decisions rendered by this Department with respect to authentic proofs, which those we are analyzing are not, for the reasons set forth above; moreover, to make matters clear it must be pointed out that uninterrupted use has not been shown by the above mentioned proofs such as is required by subsection 11 of article 200 of the Law of Patents and Trademarks, since before October 1953, mention is made only of other invoices from 1951, that is, according to the aforesaid document one operation would have been carried out per year, which, as set forth above, does not meet the requirements of the final portion of the abovementioned provision which provides that the applicant must prove that he has used the mark uninterruptedly during all that time, because undoubtedly use requires continuity to be so called, otherwise, it cannot be said that the referred to use exists. For all these considerations, the proofs under study do not fill their function and, there-

fore, do not prove a better right to the use of the "LAS PALMAS" mark on the part of the petitioner.

The proofs, mentioned in the points 13 to 20 inclusive, are not studied because the representative of the petitioner did not present them, and, with respect to the public documents offered in point 21 of the chapter of proofs of the petition, it must be pointed out that the aforesaid should not be taken in consideration, because, in any case, they will show the use of the mark, property of Ramirez & Feraud Chili Co., in the United States of America, but not in our country; besides the aforesaid decision should have effect in the neighboring country to the north but not in our own, since the consideration and decision of matters of this office must be done in accordance with the Law of Patents and Trademarks in force. Now, therefore, if the mark in question had been used by the petitioner in Mexico, subsection 11[II] of article 200 of the Law on the subject would be applicable; but, since the aforesaid use on the part of the above mentioned entity has not been shown, in any case, and since the "LAS PALMAS" mark has been used by Ramirez & Feraud Chili Co. in the United States of America, subsection 111[III] of the same article 200 would be applicable, according to which the term to request the nullification of this mark would be 6 months, which on the date of the presentation of the petition herein would have more than elapsed and therefore it is not in order to declare the nullification which is requested; the same thing can be said of the proof offered in point 22 of the petition since this is but a translation of the document which has just been analyzed.

THIRD. With respect to the second grounds for nullification set forth in the petition which are based on the 6th article bis of the Paris Union Convention of May 20,

1883, and ratified in different places and dates, it must be pointed out that a provision covering such a situation already exists in our Law of Patents and Trademarks, in force, and specifically in subsection 111 of the above mentioned article 200, and taking in consideration the term of 6 months from the publication of the registration of a mark in the Patents and Trade Marks Gazette, to request the nullification of such a registration, and, in view of the fact that the petitioner did not avail himself of it, this caused the loss of his right, and therefore the rule of law alleged by the representative of the petitioner is not applicable. However, on the other hand, the same Convention says that this concerns a mark which is "widely known." This is not the case of the mark in dispute, which deducing from the same proofs presented by Ramirez & Feraud Chili Co. has hardly been used in a sporadic manner.

Subsection 111 of article 201 of the law on the subject cited by the representative of the petitioner is not applicable either, by virtue of the fact that there is no absolute proof of the use of the mark of the petitioner in our country, and, with respect to its use in the United States, the express provision has already been mentioned that the term to request the nullification is 6 months, therefore, for this reason also, the declaration of nullification requested is not in order.

From the foregoing it is deduced that Ramirez & Feraud Chili Co. has not shown a prior use in the Mexican Republic of the "LAS PALMAS" mark which is registered in this Office under number 76068 in the name of Pablo Baca Gavaldon, whose nullification is requested, and inasmuch as none of the grounds alleged has been proven, it is not in order to declare said nullification, and therefore the same is denied.

With respect to the arguments and proofs presented by the respondent, no purpose is served by studying them, inasmuch as there would not be any grounds therein for nullification of this mark, but, on the contrary, all of them would tend to confirm the conclusion reached in the preceding paragraph.

In view of the foregoing and with support on article 208 of the Law of Patents and Trademarks, in force, which establishes the competency of this Department to declare the nullification of a mark in the proper cases, as well as on 229, 230 and 233 which regulate the procedures, it is decided:

I. That the declaration of nullification of the trademark 76068 "LAS PALMAS" which covers articles of the 46th classification is denied.

II. That the parties be notified.

III. That publication be made in the Patents and Trade Marks Gazette.

Very truly yours,

Effective Suffrage. No reelection

The Subsecretary

(illegible signature)

Eng. David Segura y Gama.

Copy to the Patents and Trademarks Gazette

Copy to Pablo Baca Gavaldon

Apartado No. 4, Tecate, B. C.

PGM/noc.

Stamp: Federal Executive Power, Mexico, D. F., United States of Mexico.

Department of National Economy

General Division of Patents and Trademarks

ATT. CESAR SEPULVEDA, Director General of Patents and Trade Marks of the Department of Economy: CERTIFIES: That the present copy consisting of 13 (thirteen) pages has been made from the original which I had before me and it is issued at the request of Att. Armando Diaz Olivares.

Mexico, Federal District, May Eleven, nineteen hundred fifty seven.

(illegible signature)

3½ Peso stamps cancelled by 2 rubber stamps which read:
Department of Economy.
General Division of Patents and Trademarks
May 11, 1957
Mexico, D. F.

Rubber stamp: (partly legible)
Executive power
United States of Mexico
Department of (illegible)
Division of (illegible)
Relations (illegible)

ENG. DAVID SEGURA Y GAMA, Subsecretary of the Department of Economy, CERTIFIES: That the preceding signature is the authentic one which is used in all official acts by Att. CESAR SEPULVEDA. Mexico, Federal District, Eleventh of May nineteen hundred and fifty seven.

(illegible signature)

(illegible signature)

2 Mexican One Peso stamps
and one 10 peso stamp cancelled by
2 rubber stamps: Federal Executive
Power, Mexico, D. F. United States of Mexico
Department of Interior, General Division of
Government, Political Relations.

ATTORNEY GUSTAVO DIAZ ORDAZ, Chief Clerk of the Department of Interior, by order of the Secretary: CERTIFIES: That Eng. David Segura y Gama was the Subsecretary of Economy, on the 11th day of the present month, and that the preceding signature is his own.

Mexico, D. F., May 13, 1957.

(illegible signature)

Recorded under
No. 1049
Gen. Director of Interior

Rubber stamp: Federal
Executive power,
Mexico,
United States of Mexico
Department of Interior

(illegible signature)

Att. Tristan Canales Valverde

Office of the Chief Clerk

Attached to the above is the certification of the English language of the signature and seal of Att. Gustavo Diaz Ordaz, by the Consul of the United States of America Mr. Marc L. Severe, U. S. Embassy, Mexico, D. F., Mexico on May 4, 1957.

APPENDIX D-2.

English Translation of Decision of the First District Court in Administrative Matters of the United States of Mexico.*

Translation from Spanish.

ATTORNEY GILBERTO LIEVANA PALMA, FIRST CLERK OF THE FIRST DISTRICT COURT IN ADMINISTRATIVE MATTERS FROM THE FEDERAL DISTRICT, CERTIFIES: . . . That in the suit for an amparo number 385/57, instituted by David Rangel Medina, representative of Ramirez & Feraud Chili Co. against the acts of the Secretary of Economy and other authorities, the following records appear in the file which literally state: . . . In Mexico City, Federal District, at 10:50 o'clock on the 2nd day of July, 1957 in the presence of attorney Antonio Capponi Guerrero, First District Judge of the Administrative Matters for the Federal District, acting with the certifying clerk, a constitutional hearing was held in the suit herein, without the personal attendance of any of the parties. The clerk read the records of the proceedings among which is found instrument of the attorneys in fact of Mr. Pablo Baca Gavaldon, the damaged third party in this proceedings, where allegations are made and which was ordered that it be added to the proceedings by order of June 26th last past. In the records of proceedings there are also the certified reports of the liable parties received in the suit numbers 4870, 4871, 4872 and 4885 presented in this court the 29th of June and the First of July: there is also a document from the attorney

*The order appointing the English translator and her certificate that the above "is a true and exact translation of the document in question" were also filed with the Circuit Court of Appeals but are omitted here for the sake of brevity.

David Rangel Medina, representative of the plaintiff, received on this date with 6 attached documents by which he offers proofs. The Judge decided: That the certified reports of the liable parties be added to the record of proceedings for all legal effects. That the document with the attached documents of the representative of the plaintiff be added also to the proceedings and by virtue of the contents thereof that the documentary proof be held as proof on his part and that they be taken in consideration upon rendering a decision in this matter. Thereupon the Judge proceeded to render the following decision: Mexico, Federal District, July 2, 1957.

The suit having come before us and in consideration:

FIRST. Attorney David Rangel Medina, as legal representative of Ramirez & Feraud Chili Co., by instrument presented the 28th of May of this year prayed for an amparo and the protection of the Federal Justice against the acts of the Secretary of Economy; the Subsecretary of Economy; the General Director of Patents and Trademarks, Division of the aforesaid Department and the Chief or Official in charge of publishing the Gazette on Patents and Trademarks, which were contained in the Decision number 57 dated April 30 of the same year and contained in the communication number 37.III-6999 and by virtue thereof the declaration of the nullification of the National Trademark 76068 Las Palmas is denied; in the order for publication of the said decision in the Gazette of Patents and Trademarks and the execution of the aforesaid order; and all the effects and consequences by fact and by law derived from the aforesaid acts.

They set forth as the guarantees which have been violated those contained in constitutional Articles 14 and 16.

SECOND. The acts which have been claimed are true, as have been acknowledged by the responsible authorities in their certified report. Moreover, the existence of the contested judgment is accredited by the original thereof contained in the official communication number 37-III-6999 which was presented with a complaint.

THIRD. The concepts of violation which are cited in the complaint.

Taking into consideration that Article 200 Subsection III of the Law of Patents and Trademarks requires joint and simultaneous satisfaction of the requirements that the same sets forth, to declare the nullification of the trademark, and in the aforesaid requirements in the first place the use of the trademark in the Mexican Republic appears therein, it is enough that the present constitutional decision should determine if such use was shown before the responsible authority by means of proofs presented by the interested party; because if this is not so it would be unnecessary to study the other requirements.

To this respect, the concepts of violation alleged in the complaint for guarantees have no foundation for the following reasons:

The law which governs the act, does not contain precise regulations to determine the use of a trademark in the Mexican Republic for the effect and according to the terms of the already cited Subsection III of Article 200, neither does it establish that proofs are proper to accredit the same (the act); therefore one has to go to the Federal Code of Civil Procedure which is applicable in conformity with what is prescribed by Article 202 of the same law in order to obtain the basic procedures which will serve to evaluate the proofs submitted. Article 97

of the aforesaid Code establishes that the Court enjoys the fullest freedom to make an analysis of the proofs presented; to determine the value thereof, facing one against the other, and to determine the final result of the aforesaid contradictory evaluation; unless the law fixes the rules to make the aforesaid evaluation; however, with respect to each type of proof, the provisions in the chapter which pertains to the aforesaid precept must be observed. Articles 202, and 203 of the aforesaid Code establish: The first, that public documents constitute full proof of facts legally affirmed by the authority from which they originate; but, if in the proofs thereof declarations or statements of fact of individual persons are contained, the documents only prove that before the authority issuing them such declarations or statements were made; but they do not prove the truth of what has been declared or stated. That the declarations or statements in question prove against whom they were made or who was present when they were made and that the parties agreed thereto. And the second, that a private document constitutes proof of the facts mentioned therein only as far as they are contrary to the interests of the author, when the law does not provide otherwise. That the document originating from a third party only constitutes proof in favor of the party who wants to benefit thereby and against his co-litigant when the latter does not raise any objections. That in the case to the contrary the truth of its contents must be shown by other proofs. That a private document which contains a truthful declaration, attests to the existence of the declaration; but not to the declared facts.

Now, therefore, the responsible authority with relation to the proofs presented to show the use of the trademark in question in the Mexican Republic in the second whereas

of the contested resolution states as follows: "SECOND. Ramirez & Feraud Chili Co. requests the nullification of the registration of this trademark, because of prior rights as stated in the petition of registration of the 'LAS PALMAS' mark which he presented to this Office, asserting they have better rights thereto by virtue of the fact of having made prior use thereof, and its registration in the United States of North America, and therefore the petitioner cites the rules of law deemed applicable to the case, and presents the proofs to its advantage, in order to show a better right to the use of the mark in question, which are studied hereinafter. With respect to the proof marked number one, consisting of the file of the mark 73296, it must be pointed out that no prior use of the mark on the part of the petitioner can be deduced therefrom since to that effect there is only a statement of the date of use set forth in the petition, which is the 4th of August, 1948; the same thing must be pointed out with respect to the file 73295 which is also offered in point two of the petition; with respect to the file of this trademark 76068, it was presented for registration on October 28, 1953, a prior use having been pointed out as of the 15th of the same month, which would not effect at all the petitioner in proving the prior use of his trademark as alleged. With respect to the proof offered in number 4, consisting of a photostatic copy of an invoice, the same is used to accredit the sale of the products which are mentioned, but in the United States of America and not in our country; the same thing should be said of the proof offered in point 5, since it only consists of a translation of the previous one; those mentioned in points numbers 6 and 7, consisting of a certified copy of an agreement entered into between the petitioners and a radio station, make no mention whatsoever of the product to be advertised, therefore, it does

not fulfill its function and therefore it does not favor at all the presenter of the proof; the proof consisting of a photostatic copy of an advertisement offered in point 8 of the petition, mentions Las Palmas sauce as the advertised product, but it makes no mention of the manufacturer thereof therefore it only shows that there is a Las Palmas mark involving sauce, but it does not prove who makes use thereof or the date in which it was used; from the photostatic copy offered in point 9 of the same Chapter of Proofs in the petition, one deduces that Mr. Manuel Acuna Varela informs Mr. Kern that the Las Palmas sauce, has been advertised by the Station X E A U, in an uninterrupted manner from June 2, 1951, but the origin of the aforesaid sauce is not shown, and moreover, the referred to document is not a public proof, but a private one which has been objected to by the respondent, and with respect to the notarial certification, it only shows that the aforesaid copy conforms with its original but it does not give it any validity whatsoever, except for the aforesaid conformity, but as has been noted, nothing is proved with respect to the use of the mark in Mexico which the petitioner asserts it has used: the proof referred to in point 10 of the petition, consists of a statement made by the same Mr. Manuel Acuna Varela, that since the 2nd of July, 1951, the Radio Station X E A U has been advertising the chili sauce product of the Las Palmas mark, and that the attached copy of the agreement is an exact copy of the original entered into by and between the petitioner and the managership of the aforesaid radio station, of course one must point out that this is only the statement of one person who has no capacity to administer oaths, and, therefore, his statement is only the statement of a witness who should have been cross examined by the respondent, and since this latter party, for this reason,

objected to the proof, the same cannot be taken in consideration; besides the notarial certification only proves that the aforesaid documents were signed in the presence of the Notary, but there is no certification of the authenticity of its contents and under such circumstances it is not possible to invest it with any probative value. The proofs offered in points numbers 11 and 12 refer to a sales memorandum of Las Palmas sauce, from the petitioner with its translation, and a notarial certification which are duly certified, but, in spite of this, they do not show the use of the Las Palmas mark on the part of the petitioner, because, even though mention is made therein that it concerns the sale of the Las Palmas products, no mention is made that it concerns the sauce precisely, and inasmuch as it is not possible to determine that the petitioner is engaged solely and exclusively in the manufacture of the aforesaid product, therefore one cannot conclude that it concerns products covered by this mark, and, even if this were so, it is necessary in any case to support the decisions rendered by this Department with respect to authentic proofs, which those we are analyzing are not, for the reasons set forth above; moreover, to make matters clear it must be pointed out that uninterrupted use has not been shown by the above mentioned proofs such as is required by subsection II of Article 200 of the Law of Patents and Trademarks, since before October 1953, mention is made only of other invoices from 1951, that is, according to the aforesaid document one operation would have been carried out per year, which, as set forth above, does not meet the requirements of the final portion of the abovementioned provision which provides that the applicant must prove that he has used the mark uninterruptedly during all that time, because undoubtedly use requires continuity to be so called, otherwise, it can-

not be said that the referred to use exists. For all these considerations, the proofs under study do not fill their function and, therefore, do not prove a better right to the use of the Las Palmas mark on the part of the petitioner. The proofs, mentioned in the points 13 to 20 inclusive, are not studied because the representative of the petitioner did not present them, and, with respect to the public documents offered in point 21 of the chapter of proofs of the petition, it must be pointed out that the aforesaid should not be taken in consideration, because, in any case, they will show the use of the mark, property of Ramirez & Feraud Chili Co., in the United States of America, but not in our country; besides the aforesaid decision should have effect in the neighboring country to the north but not in our own, since the consideration and decision of matters by this office must be done in accordance with the Law of Patents and Trademarks in force. Now, therefore, if the mark in question had been used by the petitioner in Mexico, subsection II of article 200 of the Law on the subject would be applicable; but, since the aforesaid use on the part of the above mentioned entity has not been shown, in any case, and since the Las Palmas mark has been used by Ramirez & Feraud Chili Co. in the United States of America, subsection III of the same article 200 would be applicable, according to which the terms to request the nullification of this mark would be 6 months, which on the date of the presentation of the petition herein would have more than elapsed and therefore it is not in order to declare the nullification which is requested; the same thing can be said of the proof offered in point 22 of the petition since this is but a translation of the document which has just been analyzed."

The complainant in the concepts of violation relative to the matter under consideration, analyzes the proofs in the same manner as the responsible authority took them in consideration, only that he arrived at a contrary conclusion, that is, that in his opinion the use of the trade-mark in the Mexican Republic has been shown in the manner required by subsection III of Article 200 of the Law of Patents and Trademarks; but without setting forth any reasoning which shows that the evaluation of the proofs on the part of the responsible party has broken down the rules established in the Federal Code of Civil Procedure. It is true it cites the violation of Articles 129, 131, 132 and 202 of the aforesaid code alleging that the responsible authority upon evaluating the proofs reached a contrary conclusion, which in his opinion should be rejected and the value of proof denied; but this is not accurate, since as has been shown in the transcription of the proper proof of the contested judgment, the responsible party analyzed thoroughly each one of the proofs presented, attributing to them the probatory value which they have and concluded that in its judgment the use of the trademark in the Mexican Republic was not absolutely proven, and without destroying the specific reasonings with respect to each proof of the responsible party to deny him the probatory value that the complainant attributed thereto in connection with the concepts of violation.

Summarizing. If the law which governs the matter does not contain express provisions for the evaluation of the proofs which tends to show the use of the trademark in the Mexican Republic; if the responsible party did not fail to take in consideration any of the proofs submitted by the complainant; if it was not brought up in this suit that the evaluation of the aforesaid proofs was contrary to the normal techniques as prescribed in the Federal Code

of Civil Procedure; undoubtedly the matter is limited to the mere judgment of the responsible party itself, which is the competent authority to decide the matter; and in accordance with this concept, this court can not substitute the criterium of the responsible party itself, in as much as the judgment issued to that respect is not arbitrary or anti-juridical, in as much as it is based on the analysis of the probatory elements submitted.

From the foregoing the result is that with respect to the matter relative to showing the use of the trademark in the Republic of Mexico, which is the problem with which this business is concerned, the violation of the individual guarantees of constitutional articles 14 and 16 cited do not exist, and therefore it is proper to deny the constitutional protection requested to that respect.

And in as much as the fulfillment of the other requirements established by subsection III of article 200, even though this had been shown before the responsible party, would not be sufficient to decree the nullification of the trademark in question, because, as was stated, such a provision requires the concurrence of all of them, this court deems it unnecessary to make a study of the other concepts of violation which refer to requirements different from that which has been analyzed.

Therefore in view of the foregoing and with foundation on articles 76, 77, 78, and 155 of the law of amparo it is decreed:

First. The Justice of the Union does not amparo or protect Ramirez & Feraud Chili Co. against the Secretary and Subsecretary of Economy; General Director of Patents and Trademarks, a division of the aforesaid department, and the Chief or Official in charge of publishing the Gazette of Patents and Trademarks, which consist in

the decision number 57 dated April 30, 1957, contained in the official communication 37-III-6999 by virtue of which the declaration of nullification of the national trademark 76068 "Las Palmas" is denied; the order of publication of the same in the Gazette of Patents and Trademarks and the execution of the aforesaid order as well as all the effects and consequences which by fact and by law may be derived from the aforesaid acts.

SECOND. Give notice thereof.

Therefore the hearing was concluded and the present record was executed which is signed by the First District Judge for the Federal District on Administrative Matters. I attest. GLP/rrc. A. Capponi G. G. Lievana Palma. Signatures.

On July 31, 1957 official communications numbers 44279 to 44282 were rendered to communicate the foregoing decision to the responsible parties. Make a record thereof.

On August 6, 1957 I gave notice of the proceeding decision to the parties and personally to the Federal Assistant District Attorney. I attest. The clerk. P. Dominguez E. Rubrica. An illegible signature.

IN COMPLIANCE WITH THE ORDERS CONTAINED IN THE ORDER OF THE 14TH OF AUGUST, OF THE PRESENT YEAR AND AT THE REQUEST OF THE THIRD DAMAGED PARTY, THE PRESENT CERTIFIED COPY IS ISSUED IN SIX PAGES, FOR ALL PROPER LEGAL EFFECTS, IT MUST BE RECORDED THAT OF TO THE DATE OF THE ISSUANCE OF THE PRESENT CERTIFIED COPY THE JUDGMENT CONTAINED THEREIN HAS NOT RECEIVED FINAL EXECUTION.

MEXICO, FEDERAL DISTRICT, AUGUST 20, 1957. An illegible signature.

Compared: two illegible signatures.

Notes of the translator:

The document from which the foregoing translation has been made consists of six (6) legal size pages, typed on both sides. On the front of each page, in the upper left-hand corner appears the seal of the Republic of Mexico. Legend in the seal: United States of Mexico. Written underneath: Judicial Department of the Federation. In the left hand margin of each page there are four one peso stamps cancelled by: a circular stamp which reads: District Court.—In administrative matters of the Federal District.

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JOHN T. FEY, Clerk

IN THE

Supreme Court of the United States

October Term, 1957
No. 647

LAS PALMAS FOOD COMPANY, INC., a corporation; PABLO BACA GAVALDON and RALPH WORTHINGTON,

Petitioners,

vs.

RAMIREZ & FERAUD CHILI CO., a co-partnership,

Respondent.

Petitioner's Reply to Respondent's Brief in Opposition to Petition for Writ of Certiorari.

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Petitioner's Reply to Respondent's Brief in Opposition to Petition for Writ of Certiorari.

The Determinative Facts.

Respondent's "Counterstatement of the Case" does not question our "Statement of the Case" but emphasizes those findings of the District Court relating to petitioners' procuring of labels, cans and cartons in the United States and relating to petitioners' knowledge and intent to trade upon respondent's good will in Mexico. (The findings of the Mexican authorities are, in effect, that respondent under Mexican law had no rights in the trade-mark "Las Palmas" or in any alleged good will in Mexico which were protectible thereunder. Appendices "D-1" and "D-2".) The determinative facts are certainly not in dispute:

(1) Plaintiff-respondent has a valid, and prior, United States trade-mark "Las Palmas" and good will in connection therewith in both the United States and Mexico.

(2) Petitioners include a Mexican national who resides in Los Angeles. Said petitioner (Baca) has a valid

Mexican trade-mark "Las Palmas". His right to this mark in Mexico has been determined in adversary proceedings between the parties in Mexico.[1]

(3) Petitioners' obtaining and use of the Mexican trade-mark "Las Palmas" was and is with intent to trade upon plaintiff's good will. Some United States residents or citizens purchase food products in Mexican border cities and there is a substantial likelihood that such purchasers will be misled by petitioners' "spurious products in Mexico". [Find. 26, R. 64.] Consequently, plaintiff's good will in both Mexico and the United States is placed in jeopardy and purchases by plaintiff's wholesalers and brokers for shipment into Mexico have diminished.

(4) Petitioners purchase various items—such as cans, cartons, and labels—in the United States for use in their operations in Mexico. However, since December, 1954, petitioners have made absolutely no sales whatsoever in the United States under the trade-mark or trade name "Las Palmas" or "Las Palmas Food Co., Inc." Rather, all of petitioners goods have been produced, packed and sold *exclusively* in the Republic of Mexico. [Find. 18, R. 61.]

(5) Plaintiff commenced proceedings in Mexico to register its "Las Palmas" mark there and to effect nullification or cancellation of Baca's registration. [Find. 34, R. 69.] Plaintiff also instituted the instant action in the United States District Court for the Southern District of California, Central Division, and prayed for a temporary and permanent injunction enjoining petitioners

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[1]The determination of the Mexican administrative agency (Appendix "D-1") and the affirmance thereof by the First District Court in Administrative Matters of the United States of Mexico (Appendix "D-2"), has been appealed by plaintiff to the Supreme Court of Mexico, whose decision is momentarily expected.

from using their trade-mark "Las Palmas" in the United States and Mexico. [Plaintiff also prayed in its Amended Complaint that petitioner Baca be ordered "to assign and transfer all of his right, title, and interest in and to the Mexican registration of the trade-mark 'Las Palmas', No. 76,068, issued February 10, 1954, to the plaintiff herein . . ." R. 40.]

(6) The District Court issued its Preliminary injunction enjoining petitioners from using the trade-mark "Las Palmas" not only in the United States (where petitioners have never used it) but also in the Republic of Mexico (where petitioner Baca is the registered owner of it).

(7) During the pendency of the appeal in the United States Court of Appeals for the Ninth Circuit, the Mexican authorities determined that petitioner Baca's registration should not be cancelled or nullified. Though the learned District Judge had taken express cognizance that at the time of his ruling there had been no determination between the parties in adversary proceedings in Mexico, the Court of Appeals affirmed his order without regard to this determination.

We respectfully submit that the District Court had no jurisdiction to issue an injunction enjoining sales in Mexico under a valid Mexican trade-mark registration and that, in any event, under the doctrine of comity such an injunction should not issue or be affirmed, especially where the parties have themselves appealed to the foreign forum and said forum has decided in petitioners' favor. The issues raised go to the core of the problems of jurisdiction and comity in our federal courts.[2]

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[2]The identical issues in the *Vanity Fair* case were characterized by the Second Circuit as "interesting and novel questions concerning the extraterritorial application of the Lanham Act." (234 F. 2d 633, 636.)

ARGUMENT AMPLIFYING REASONS FOR THE WRIT.

I.

The Decision Below Is in Conflict With the Decision of the Court of Appeals for the Second Circuit on the Same Matter in Vanity Fair Mills v. T. Eaton Co., 234 F. 2d 633 (2d Cir. 1956), cert. den. 352 U. S. 871 (1956). (Reference: Resp. Br. pp. 7-10.)

We have no hesitancy in repeating that this case is now all-fours with the *Vanity Fair* case. Of the three factors which Judge Waterman found present in the *Bulova Watch* case when it reached this Court he concluded that only that "the defendant's conduct had a substantial effect on United States commerce" was present in the *Vanity Fair* case. One factor in the *Bulova Watch* case which was absent (234 F. 2d 633, 642) from the *Vanity Fair* case he put this way:

> "(2) the defendant was a United States citizen and the United States had a broad power to regulate the conduct of its citizens in foreign countries." (P. 642.)

In the present case the petitioner Baca is not a United States citizen. True it is that he is a United States resident, and that the District Court has personal jurisdiction over him, but this does not confer jurisdiction to regulate his conduct in his native country or to strip him of privileges which his country has given him to exercise there. The defendant in the *Vanity Fair* case was a foreign corporation over whom the United States had personal jurisdiction. It too was doing business in the United States and had been afforded privileges and protection here. (234 F. 2d 633, 636-637.) How-

ever, the Court of Appeals for the Second Circuit held broadly in directly pertinent language:

> "The crucial issue in this case is the validity of defendant's Canadian trade-mark registration under Canadian trade-mark law . . . Under these circumstances, we do not think a United States district court should take jurisdiction over that portion of this action turning on the validity or invalidity of defendant's Canadian trade-mark.
>
> . . . . . .
>
> ". . . we do not think it the province of United States district courts to determine the validity of trademarks which officials of foreign countries have seen fit to grant." (234 F. 2d 633, 646-647.)

The second factor present in *Bulova Watch* and absent from *Vanity Fair* was put this way:

> "(3) there was no conflict with trade-mark rights established under the foreign law, since defendant's Mexican registration had been cancelled by proceedings in Mexico." (P. 642.)

This critical fact, which this Court highlighted in the *Bulova Watch* case, even respondent concedes to be absent here. (Resp. Br. bottom p. 7.)

Respondent states that the petitioners Las Palmas Food Company, Inc., a California corporation, and Ralph Worthington, a United States citizen, "merely try to hide behind their confederate Baca and urge a conflict with *Vanity Fair* by virtue of his citizenship." (P. 9.) The rationale of the Second Circuit in *Vanity Fair*, however, on which we rely, has a much broader base than merely the fact that the key defendant there was a foreign corporation. Personal jurisdiction over the defendants

were found there, but jurisdiction over the subject matter —commerce in a foreign country under a foreign trademark registration—was lacking; in addition, comity barred the taking of jurisdiction even if it existed. The same considerations control here, both as to Baca and the other petitioners.

II.

The Bulova Watch and Vanity Fair Opinions Emphasize the Importance of the Federal Question Here Presented. (Reference: Resp. Br. pp. 10-13.)

Respondent is correct that at the date of decision by the Court of Appeals for the Fifth Circuit in *Bulova Watch Co., Inc. v. Steele,* 194 F. 2d 567, the plaintiff there had not been successful in its Mexican litigation. The opinion of this Court, however, vitiates any effect which might otherwise be given to the opinion of the Fifth Circuit. Beyond that, this Court was careful to point out that prior to its own determination

> "On October 6, 1952, the Supreme Court of Mexico rendered a judgment *upholding* an administrative ruling which had *nullified* petitioner's Mexican registration of 'Bulova'." (344 U. S. at 285.) (Emphasis added.)

In the case at bar the administrative ruling and the judgment of the Mexican courts to date have refused to nullify petitioner's Mexican registration, and this in adversary proceedings between these very parties.

Respondent next argues that there can be no affront to the foreign sovereign in enjoining the petitioners' use of their Mexican mark in Mexico because, so it is said, this does not conflict with petitioners' right to maintain their registration in Mexico "and there are pending *in Mexico*

no proceedings between the parties seeking to enjoin *use* of the 'Las Palmas' mark." (P. 12.) This argument, we submit, is simply an attempt to interpret the effect of the law of Mexico and must fail for the following reasons:

(1) Nothing in the record supports an interpretation of the Mexican law that there is, and the Mexican law does not contain, a dichotomy of the sort implied between the right to register a mark and a right on the part of the registrant to use said mark. The only evidence of the Mexican law which was before the United States Courts below consisted of an "Extract of Pertinent Mexican Law" and the "Affidavit of Juan Del Avellano Ochoa." [R. 53-55.] The Extract is reproduced in Findings 31 and 32 [R. 66-68, and Appendix "C-2"], and is clearly confined to adjudications between conflicting claims. The only evidence as to the effect of valid registration upon the right to use the mark under the Mexican law of trade-mark as a whole is contained in the mentioned affidavit [R. 21-22], wherein it is stated that petitioner Baca has the exclusive right to use said mark in Mexico.[3]

(2) The findings of the District Court do not purport to interpret the Mexican law, either as respondent would interpret them or otherwise. Findings 31 and 32 [R. 66-68] merely state that "the trade-mark laws of the Republic of Mexico recognize the rights of a prior user in the Republic of Mexico by providing . . . as follows:" The findings then merely reproduce the Extract

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[3]Respondent's statement (Resp. Br. p. 6) concerning our alleged misrepresentation as to what foreign law was before the District Court must stem from respondent's misreading of our clear statement on page 7 of the Petition for Certiorari.

without determining which provision would apply in this case under the laws of Mexico. The Mexican authorities have determined that Article 200, III, applies. (See Appendix "D-1" at p. 79.)[4]

(3) Finally respondent makes a wholly irrelevant argument:

> "Here there can be no question of a violation of Mexican sovereignty, since under the law of Mexico, any alleged right of *exclusive* use derived from registration in that country is rendered ineffectual against plaintiff under that sovereign's own law." (Emphasis added.)

The injunction does not purport to determine whether petitioners' have any "right of exclusive use". The injunction prohibits petitioners from using their Mexican registration in Mexico at all, regardless of whether respondent under Mexican law can also use the mark there.

We submit that pages 10-13 of Respondent's Brief in Opposition primarily emphasize how inappropriate a forum are "United States district courts to determine the validity of trade-marks which officials of foreign countries have seen fit to grant." (*Vanity Fair Mills v. T. Eaton Co.*, 234 F. 2d 633, 647.) We further submit that the enjoining of petitioners' use of their mark in Mexico where by registration the foreign sovereign has deliberately conferred on petitioners a special status mak-

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[4]Respondent's argument that "Under these facts the Mexican law provides that 'The right to the use of a trademark obtained by virtue of its registration shall be ineffectual . . . ' against the prior user" (p. 12) is therefore simply respondent's conclusion and not a finding of fact and is properly to be argued in the Mexican forum. It has been argued there, and that forum has concluded that the provisions upon which respondent relies are inapplicable to the facts here. (Appendices "D-1" and "D-2".)

ing such use privileged and protected is on its face an affront to the sovereignty of the foreign jurisdiction. The injunction rests on the premise that petitioners' use in Mexico is unlawful. The affront to the foreign sovereign and the conflict with the foreign law is all the clearer where the privilege and protection have been confirmed by the Courts of the foreign sovereign in adversary proceedings between these same parties. The core issue of the proceedings in Mexico is who has the right to register and use the mark in Mexico.

Our Petition (p. 4) states that this case involves not only the Lanham Act and the Mexican statutes but also the International Convention for the Protection of Industrial Property (Paris Union 1883) 53 Stat. 1754, as revised 1934, T. S. No. 94. (See Appendix "C-3".) We submit that a reading of the Lanham Act in the light of this treaty clearly shows that Congress contemplated a foreign adjudication of the propriety of the use of a trade-mark in a foreign forum; Congress in the Lanham Act did not confer jurisdiction upon an American Court to render such an adjudication.

Section 45 of the Lanham Act (15 U. S. C. §1127) contains the following:

> "The intent of this Act is to regulate commerce within the control of Congress by making actionable the deceptive and misleading use of marks in such commerce; to protect registered marks used in such commerce from interference by State, or territorial legislation; to protect persons engaged in such commerce against unfair competition; to prevent fraud and deception in such commerce by the use of reproductions, copies, counterfeits, or color-

able imitations of registered marks; and to provide rights and remedies *stipulated by treaties and conventions* respecting trade-marks, trade names, and unfair competition entered into between the United States and foreign nations."

Section 44 of the Lanham Act (15 U. S. C. §1126) (Appendix "C-1", pp. 39-41) clearly differentiates between rights under the Lanham Act and rights in a foreign country under a foreign registration statute.

The Paris Convention (see Appendix "C-3"), to which both Mexico and the United States are parties, and which is specifically mentioned in Section 44 of the Lanham Act, contains, *inter alia*, the following provisions:

> Art. 2, subsec. (3): *The provisions of the legislation of each of the countries* of the Union relative to judicial and administrative proceedings and to competent authority, as well as to the choice of domicile or the appointment of an authorized agent, which may be required by the law on industrial property *are expressly reserved.*
>
> Art. 4, subsec. D(1): Any person desiring to take advantage of the priority of a previous application must make a declaration giving particulars as to the date of such application and the country in which it was made. *Each country will determine the latest date at which such declaration must be made.*[5]

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[5]Please see the appropriate statutory regulations established by the Congress, to wit, Section 44 of the Lanham Act (15 U. S. C., Sec. 1126 (Appendix "C-1", pp. 39-41). These include that an application in the United States must be filed within six months from the date on which the application was first filed in the foreign country. Mexico has adopted a somewhat similar provision and the Mexican authorities have determined that plaintiff here has not complied with

Art. 5, subsec. C(1): If in a country the use of a registered mark is compulsory, the registration can be cancelled only after a reasonable period, and if the interested party cannot justify the causes of his inaction.

Art. 6, subsec. A: Every trade mark duly registered in the country of origin shall be admitted for registration in the other countries of the Union *under the reservations indicated below.* These countries can demand, before proceeding to a final registration, the production of a certificate of registration in the country of origin issued by the competent authority. No legislation shall be required for this certificate.

Art. 6, subsec. B(1): Nevertheless, the following marks may be refused or cancelled: 1. Those which are of such a nature as to infringe upon *rights acquired by third parties in the country where protection is applied for.*

Art. 17: The execution of the reciprocal engagements contained in the present convention shall be *subordinated*, insofar as necessary, to the observance of the formalities and rules established by the constitutional laws of those of the countries of the Union which are bound to enforce the same, which they undertake to do with as little delay as possible.

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said provision. See Law of Industrial Property of the Republic of Mexico, Ch. IX, Art. 200, III (Appendix "C-2", pp. 49-50), and Decision No. 57 of the General Division of Patents and Trade Marks of the Department of Economy of the United States of Mexico (Appendix "D-1", pp. 62-83, especially at p. 79.) The findings of the United States District Court show on their face that plaintiff obtained its United States registration in 1940 [Finding 9, R. 58] but has not applied for a Mexican registration except through the nullification proceedings instituted in 1956 against petitioners, which proceedings were decided adversely to plaintiff.

We submit that the above provisions clearly reserve to the Republic of Mexico the right to determine whether plaintiff or petitioners may use the trade-mark "Las Palmas" on goods produced, packed and sold in Mexico, and that the Congress never intended to confer jurisdiction upon our District Courts to make such a determination, even where the mark was also registered in the United States. Because in the *Bulova Watch* case the Supreme Court of Mexico had nullified petitioner's Mexican registration before this Court's decision, this Court did not have to weigh the impact of the above provisions. Clearly the question is a most important one.

Conclusion.

This Court in the *Bulova Watch* case expressly left open "The question . . . whether a valid foreign registration would affect either the power to enjoin or the propriety of its exercise . . ." (344 U. S. at 289.) The Second Circuit in the *Vanity Fair* case answered the question as to both its facets in the affirmative, and this Court denied certiorari. The Ninth Circuit has now answered the question as to both its facets in the negative. The case is peculiarly appropriate for the granting of certiorari.

Respectfully submitted,

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IN THE

Supreme Court of the United States

October Term, 1957
No. 647

LAS PALMAS FOOD COMPANY, INC., a corporation; PABLO BACA GAVALDON, and RALPH WORTHINGTON,
Petitioners,

vs.

RAMIREZ & FERAUD CHILI CO., a copartnership,
Respondent.

Respondent's Brief in Opposition to Petition for Writ of Certiorari.

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To the Supreme Court of the United States:

A.

OPINIONS BELOW.

The opinion of the District Court is reported in 146 Fed. Supp. 594, 111 U. S. P. Q. 296. The opinion of the Court of Appeals, adopting the opinion of the District Court as its own, is reported at 245 F. 2d 874, 114 U. S. P. Q. 473.

B.

STATEMENT OF JURISDICTION.

Petitioner invokes the jurisdiction of this Court under Title 28 U. S. C., Section 1254(1).

C.

COUNTERSTATEMENT OF THE CASE.

This is an action for trademark infringement and unfair competition, with jurisdiction asserted under the

Trademark Act of 1946 (Lanham Act, 15 U. S. C. 1051-1127) and under 28 U. S. C. 1338(b) [Finding 5, R. 57].

Plaintiff-respondent, Ramirez & Feraud Chili Co., has, since 1922, continuously employed the trademark "LAS PALMAS" in commerce in the United States for various canned Spanish foods and condiments and, since 1948, in the Republic of Mexico and in foreign commerce between the United States and Mexico [Findings 6 and 7, R. 57-58]. The mark is registered for such goods in the United States Patent Office, both with and apart from accompanying design features, under the Trademark Act of 1946, Registration No. 379,295, issued July 9, 1940, and No. 582,054, issued November 3, 1953 [Findings 9 and 10, R. 58-59].

Plaintiff's "LAS PALMAS" foods have been advertised for the past thirty (30) years in the United States and for the past five (5) years in Mexico. Sales have been extensive in both countries under the mark, and plaintiff has developed a valuable good will associated with its "LAS PALMAS" brand and with its label, both in the United States and in Mexico [Findings 11-13, incl., R. 59].

Petitioner-defendant Las Palmas Food Company, Inc., was incorporated in California in 1953 by present counsel for petitioner-defendant Worthington, the latter being a United States citizen, resident within the County of Los Angeles, California, and the President of defendant corporation [Findings 2, 4, 14, R. 56, 57, 59-60]. The name of this corporation was chosen by defendant Worthington with full knowledge of plaintiff's "LAS PALMAS" trademark and with intent to trade on its good will [Finding 15, R. 60].

Petitioner-defendant Baca, a citizen of Mexico, also domiciled in Los Angeles County, California, became associated with defendants Worthington and Las Palmas Food Company, Inc., in 1953 in a joint venture. Defendant Baca, who had previously been engaged in the food business in the United States for some thirty (30) years and was a former customer of plaintiff, had knowledge at the time of this association of plaintiff's prior use of its mark and the good will associated therewith [Findings 3, 16-17, 20, R. 56-57, 60-61, 62].

The purpose and plan of such joint venture was for the defendants to make and sell food products under the "LAS PALMAS" trademark or trade name in the United States and in Mexico [Finding 16, R. 60].

Later in 1953 an application was filed in Mexico by one Fernando De La Pena of Tijuana, Baja California, to register the mark "LAS PALMAS" in the Republic of Mexico for chili sauce and spice. This registration, which issued in February, 1954, was assigned to defendant Baca on November 30, 1954 [Finding 19, R. 61-62].

The sale of the products bearing the Las Palmas Food Company trade name was discontinued in the United States in late 1954 by the joint venturers, but, early in 1955, defendants, using plaintiff's label as a model, caused to be printed in California counterfeit "LAS PALMAS" labels for red chili sauce, using not only the identical trademark "LAS PALMAS" but the exact colors of plaintiff's label and same format, style of printing, and a similar layout and design [Findings 18, 21, R. 61, 62]. In addition to securing these counterfeit labels in the United States, defendants obtained cans and cartons here for use in a processing and packing operation thereafter carried on at Tecate, Baja California [Finding 22, R. 62-63].

Subsequently, in 1955 defendants commenced to pack and sell in Mexico, and particularly in Tijuana, Baja California, where plaintiff's product was widely sold, the spurious "LAS PALMAS" red chili sauce in cans identical to plaintiff's and bearing the counterfeit labels [Finding 23, R. 63].

The copying of plaintiff's trademark and label was with full knowledge by all the defendants of the good will associated with the plaintiff's mark and was done for the purpose of palming off in Mexico the defendant's product as that of plaintiff [Finding 25, R. 63].

The packaging and dress of the goods of the parties are so alike in over-all appearance that confusion among purchasers appears inevitable [Finding 24, R. 63]. Moreover, as stated by the trial court (opinion, 146 Fed. Supp. at 599), defendants' products "are produced and canned in Mexico under comparatively unsanitary conditions, and are inferior in quality to plaintiff's products."

Since United States residents or citizens residing in United States border cities purchase in Mexico many grocery and food items and freely carry them back to this country for consumption, there is a substantial likelihood of confusion among such purchasers, who may by mistake buy defendants' spurious product in Mexico, and plaintiff's good will in the United States is thereby placed in jeopardy [Finding 26, R. 64].

In order to harass plaintiff and coerce its wholesalers and brokers from shipping into Mexico the genuine "LAS PALMAS" product of plaintiff, defendant Las Palmas Food Company, Inc., addressed a communication to plaintiff and each of its brokers and wholesalers selling in Mexico, alleging ownership of the Mexican registration of "LAS

PALMAS" and asserting an infringement by virtue of any exportation to Mexico of plaintiff's "LAS PALMAS" products. This communication was false and was not sent out as a legitimate warning to infringers [Findings 27, 28, R. 64-65].

All of these acts of defendants in the United States and in Mexico were done by the joint venturers pursuant to a plan having for its objective the pirating of plaintiff's market and good will in Mexico for its "LAS PALMAS" products [Finding 29, R. 65].

These activities have resulted in the appropriation of plaintiff's Mexican market and jeopardy to plaintiff's market in the United States; plaintiff's reputation and good will among its wholesalers and distributors in the United States and Mexico have suffered; shipments of "LAS PALMAS" products by plaintiff to its wholesalers and brokers for resale in Mexico have diminished; and such brokers and wholesalers have ceased or diminished their shipments into Mexico. Both interstate and foreign commerce in these goods has been drastically reduced [Finding 30, R. 65-66].

Plaintiff has commenced proceedings in Mexico under Mexican law to effect nullification of the Mexican registration of defendants, based on its earlier use of "LAS PALMAS" in that country, but the First District Court on administrative matters of said Republic has held that plaintiff has failed to establish its prior use in the particular manner required by the Mexican Code of Civil Procedure. These nullification proceedings are presently on appeal to the Supreme Court of Mexico.

Mexican law also recognizes the rights of a prior user in Mexico by precluding a registrant from enforcing

any rights obtained by registration against third parties who, as in the case of plaintiff, have been using the mark in Mexico for more than three years prior to the date of the registration [Findings 31-32, R. 66-68]. This foreign law was, contrary to petitioners' representation here (p. 7), before the District Court.

D.
QUESTIONS PRESENTED.

The petition (pp. 2-3) presents three questions upon which a decision is requested, should this writ be granted. The questions, as formulated by defendants, include lengthy factual summaries which omit important facts detrimental to defendants' position. Plaintiff has rephrased these questions which are sought to be raised by defendants, as follows:

(1) Under all the facts stated, did the District Court have jurisdiction under the Lanham Trademark Act of 1946 (15 U. S. C., Sec. 1051 *et seq.*) to enjoin the infringement and unfair competition by United States citizens or residents consummated in the Republic of Mexico?

(2) Did the acquisition by the defendant Baca of the Mexican registration of the mark "LAS PALMAS" preclude the District Court under the doctrine of comity from enjoining the joint venturers from infringement in Mexico which has affected United States commerce?

(3) Did the decision of the District Court in Mexico, affirming the administrative refusal to nullify the Mexican registration of defendant Baca preclude the United States Court of Appeals, under the doctrine of comity, from affirming the decision of the District Court?

E.

ARGUMENT COUNTERING ASSERTED REASONS FOR THE WRIT.

I.

The Decision Below Is Not in Conflict With the Decision of the Court of Appeals for the Second Circuit in Vanity Fair Mills v. T. Eaton Co., 234 F. 2d 633 (2d Cir., 1956), cert. denied 352 U. S. 871 (1956).

Contrary to petitioners' argument (p. 10), this case is not on all fours with the *Vanity Fair* case, *supra*, on which defendants relied heavily before the courts below.

In the *Vanity Fair* case Judge Waterman, after carefully analyzing the Supreme Court decision in *Steele v. Bulova Watch Co.* (1952), 344 U. S. 280, 97 L. Ed. 319, indicated that three basic factors were present in the latter case when it reached this Court:

> ". . . (1) the defendant's conduct had a substantial effect on United States commerce; (2) the defendant was a United States citizen and the United States had a broad power to regulate the conduct of its citizens in foreign countries; and (3) there was no conflict with trade-mark rights established under the foreign law, since the defendant's Mexican registration had been canceled by proceedings in Mexico." (P. 642.)

He then concluded:

> "Only the first factor is present in this [*Vanity Fair*] case." (P. 642.)

In the case at bar, even if we accept the analysis of the Second Circuit, factors designated (1) and (2) are present, and the Court of Appeals of the Second Circuit

specifically declined to decide the issue in such circumstances, noting by footnote 14:

> "At the time the Fifth Circuit decided the Bulova case, 194 F. 2d 567 [*Bulova Watch Co. v. Steele*, 5th Cir., 1952], the defendant's Mexican registration had not been canceled. Since the Fifth Circuit assumed that the defendant had a valid Mexican registration, it thought the presence or absence of a foreign trade-mark was not a determinative factor. Cf. George W. Luft Co. v. Zande Cosmetic Co., 2 Cir., 1944, 142 F. 2d 536. *We need not decide that question because of the additional fact that the defendant here is not an American citizen.*" (P. 643.) (Emphasis added.)

Important factual distinctions exist between the *Vanity Fair* case and the present action. The defendants in the former were a Canadian corporation and its Canadian officers, who resided in Canada. Defendant corporation had registered its mark in Canada in 1915, prior to plaintiff's initial use in Canada in 1917, and plaintiff's application for registration in Canada was denied in 1919, based upon the defendants' registration. Hence in the *Vanity Fair* case, the plaintiff, who was the later user in Canada, could only satisfy the first of the three factors set out by the Court. The Court felt that in the absence of *both* of the other two factors present in the *Bulova* case, it could not act. It did *not* hold that a valid registration alone in Canada would so preclude it.

In contrast, in the case at bar the defendant corporation and the defendant Worthington are both citizens of and domiciled in California. They conspired in the United States to steal plaintiff's established "LAS PALMAS" trademark and the good will thereof in the United States and Mexico.

In this conspiracy they enlisted the services of their confederate, defendant Baca, a Mexican citizen, also domiciled in California.

Pursuant to this conspiracy formulated in California, the defendants, in a joint venture, deliberately carried out their plans in both the United States and Mexico to the injury of plaintiff.

Defendant Baca later acquired a Mexican trademark registration with the express intent of using it as a cloak, for himself and the other defendants, to trade on plaintiff's established trademark rights.

The defendants argue, however, that, since defendant Baca is a citizen of the Republic of Mexico, the present case is in conflict with the *Vanity Fair* decision, and the lower court should be precluded from exercising jurisdiction over acts of the joint venturers committed outside the United States, in view of Baca's ownership of the Mexican registration. Defendants, by this argument, have not even attempted to justify the plainly illegal activities of either Las Palmas Food Company, Inc., or Worthington. They merely try to hide behind their confederate Baca and urge a conflict with *Vanity Fair* by virtue of his citizenship.

True it is that Baca is a citizen of the Republic of Mexico. He is, however, a resident of the United States, domiciled at Monterey Park, Los Angeles County, California, and therefore equally subject to the Court's jurisdiction as any United States citizen.

As succinctly stated by this court in *Milliken v. Meyer* (1940), 311 U. S. 457 at 463, 85 L. Ed. 278 at 283:

> "The state which accords him privileges and affords protection to him and his property by virtue of his domicile may also exact reciprocal duties."

This is particularly true of defendant Baca, who has also been engaged in the food business in the United States for the last thirty (30) years. After enjoying the privileges and protection of the United States for so long a period, he cannot now defeat the responsibilities imposed by the United States upon its own citizens nor afford his confederates such immunity.

It thus appears that the facts of the present case, involving joint venturers who are United States citizens and a United States resident owning a presently subsisting foreign registration, are most closely paralleled by the facts set forth in the Fifth Circuit decision in *Bulova Watch Co. v. Steele, supra.* In expressly avoiding conflict with this earlier decision, the *Vanity Fair* case also clearly avoids conflict with the case at bar.

II.

No Important Question of Federal Law Is Presented by the Petition.

Petitioners argue (p. 13) that in *Steele v. Bulova Watch Co., supra*, the Court left open the question of whether the foreign registration would affect the power of the Court to enjoin the use of the mark by defendant in the foreign jurisdiction.

However, the point was urged and determined adversely to defendants' position here, in the Court of Appeals in *Bulova Watch Co. v. Steele, supra.*

As of the date of the decision of the Court of Appeals, the Bulova Watch Co., the plaintiff in that litigation, had failed in its efforts in the Mexican courts to secure cancellation of defendant's Mexican registration.

Nevertheless, the Fifth Circuit Court of Appeals determined that it had the requisite jurisdiction, under the

Lanham Trademark Act of 1946, to enjoin the unfair competition in Mexico, further indicating that the Mexican registration of the defendant did not oust it from such jurisdiction:

> "It could not be contended that Steele's Mexican Trade Mark placed upon him any duty to use the name 'Bulova.' The Republic of Mexico was not interested in his exercise of the privilege purportedly granted. *For the United States to exercise its jurisdiction over one of its own nationals involves no conflict with the sovereignty of the Republic of Mexico.*" (P. 571.) (Emphasis added.)

In affirming the decision, this Court in *Steele v. Bulova Watch Co., supra,* noted that Steele's Mexican registration had now been cancelled by the Mexican Court and that "there is thus no conflict which might afford petitioner a *pretext* that such relief would impugn foreign law" (344 U. S. at 289, 97 L. Ed. at 326). (Emphasis added.)

In so characterizing the infringer's argument, albeit moot, this Court rather effectively indicated that it did not regard the same as having much merit, and, had the Mexican registration still been extant, its decision would not have differed.

In the case at bar, as in *Bulova*, plaintiff neither sought, nor did the District Court determine that any act of the Republic of Mexico was unlawful. The United States Court is not asked to find that the Mexican registration is invalid, nor is such a determination necessary as a prerequisite to the protection of United States commerce.

Moreover, in the present case the decision of the Court in Mexico merely held that plaintiff had not established

its proof of prior use in accordance with Mexican law applicable to cancellation or nullification proceedings. The Mexican Court, while upholding to date defendant's right to maintain his *registration* in Mexico did not adjudicate on the right to *use* the mark in that country, and there are pending *in Mexico* no proceedings between the parties seeking to enjoin *use* of the "LAS PALMAS" mark.

Registration in Mexico is nowhere spelled out under Mexican law as a prerequisite to lawful use. There can therefore be no affront to the sovereignty of the Mexican government by a determination of the United States Court that its citizens or residents may not use the mark registered under Mexican law in such manner so as to create unlawful effects in this country (*United States v. Sisal Sales Corp.*, 274 U. S. 268, 71 L. Ed. 1042 (1927).)

Moreover, in *Steele v. Bulova Watch Co., supra*, the record showed no priority of actual trademark use in Mexico of the "Bulova" mark by the Bulova Watch Co., while in the instant case such priority of use in that country for more than three years before the issuance of the Mexican registration is established [Finding 33, R. 68].

Under these facts the Mexican law provides that "The right to the use of a trademark obtained by virtue of its registration shall be ineffectual . . ." against the prior user [Finding 31, R. 66].

So a stronger case in favor of the exercise of the Court's jurisdiction is found here than was presented to the Fifth Circuit Court of Appeals in the *Bulova* case. Here there can be no question of a violation of Mexican sovereignty, since under the law of Mexico, any alleged

right of exclusive use derived from registration in that country is rendered ineffectual against plaintiff under that sovereign's own law.

Thus in the present case there is no real question of comity involved, nor do defendants raise any important question of federal law which was left undetermined in *Steele v. Bulova Watch Co., supra.*

III.

The Court of Appeals Considered the Decision of the District Court of Mexico.

Defendants argue that the Court of Appeals failed to give effect to all facts relevant at the time of the determination of the appeal—namely, the decision of the District Court of Mexico refusing to nullify defendant's registration (p. 14).

This decision was before the Court of Appeals in the form of a printed translation thereof and the alleged effect of the decision was strenuously argued. That the Court of Appeals nevertheless adopted the opinion of the United States District Court without specific reference to the Mexican District Court's opinion does not lead to the conclusion that it was ignored by the Court of Appeals, but only that such Court did not regard the foreign determination respecting *registration* of the mark by defendants as inimical to the United States District Court's decision relative to *use* thereof by defendants, nor in any way determinative of the questions of jurisdiction and comity raised by defendants.

F.

CONCLUSION.

It is submitted that this case does not display any sufficient reason for the grant of a writ of certiorari within the rulings and practice of this Court. There is no conflict or confusion among the courts in applying the fundamental principles of law enunciated by *Steele v. Bulova Watch Co., supra*, nor does this case raise any important questions of federal law which remain to be decided since such decision.

The public interest has been served through the upholding by the Court of Appeals of the preliminary injunction of the District Court.

It is suggested that the petition should be denied.

Respectfully submitted,

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Attorney for Respondent.